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Rwandan Archbishop Slain in Clergy Massacre

Rebel Chief Calls His Men 'Misguided'

U.S. Resists Pressure to Act On Slaughter

KIGALI, Rwanda — The Roman Catholic Archbishop of Kigali and 12 other clergymen have been gunned down by Rwandan rebels in the first confirmed massacre carried out by the rebels in two months of carnage.

"We know it was done by misguided soldiers of our army, and we are ready to say that," Colonel Frank Mugambage of the Rwanda Patriotic Front, said in the capital, Kigali.

The massacre coincided with reports from aid agencies that nine priests and 63 civilians had been massacred in a government-held area of Kigali.

In Rome, Pope John Paul II said he was "profoundly upset" by the massacre of the clergymen and prayed that the victims find in heaven "the peace that their well-loved land denied them."

"I beg all Rwandans, in addition to the leaders of the nations, which can come to their aid, to do all possible without delay to open the paths to peace and to the reconstruction of the gravely martyred country," he said.

Colonel Mugambage said four renegade rebel soldiers among a detachment charged with protecting the bishops in the village of Byimana, southwest of the capital, had stormed into the house where the clergymen were staying.

"We are hearing that one of the four said these men were responsible for the massacre of our people. They went ahead and opened fire," Colonel Mugambage said.

The clergymen, apparently Hutus, were seen by reporters in the camp of Kabagali, a former seminary where more than 35,000 people, mainly Tutsis, lived in concentration camp conditions. The Tutsi tribe fills most of the rebel ranks.

Hutu militias and government soldiers regularly pulled groups of people out of the camp and murdered them, witnesses said.

One of the Rwanda Patriotic Front attackers was shot as he fled, and a hunt had been mounted for the others. Colonel Mugambage said a commission had been established to investigate the killings.

The massacre also drew bitter condemnation from heads of state of several countries.

It was the first confirmed massacre by rebel soldiers in bloodletting in which aid workers say 500,000 mainly Tutsi people have been killed by Hutu militias and government troops.

Witnesses have, however, seen Rwanda Patriotic Front soldiers killing militia fighters when they capture them.

Colonel Mugambage denied that the killings had signaled a breakdown in the rigid discipline of his rebel army, whose soldiers have lost their families in the massacres.

"Aren't you surprised that soldiers who have had their own families massacred have restrained themselves up to now?" Colonel Mugambage said.

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By Douglas Jehl
New York Times Service

WASHINGTON — Trying to avoid the rise of moral pressure to stop the slaughter in Rwanda, the Clinton administration has instructed its spokesmen not to describe the systematic killing there as genocide, even though senior officials think that is exactly what it represents.

That decision has left the administration at odds with the United Nations secretary-general, Boutros Boutros Ghali, and a distinguished cast of experts who say there is no doubt that the massacres thought to have left at least 200,000 and perhaps 400,000 dead are part of a deliberate and massive extermination of an ethnic group.

But American officials say that to affix so stark a label on what has happened in Rwanda since early April could inflame public calls for action the administration is unwilling to take. Rather than put the slaughter on a par, for example, with what happened in Cambodia under the Khmer Rouge, the State Department and the National Security Council have drafted guidance instructing to say merely that "acts of genocide may have occurred."

While no memorandum explicitly prohibits a broader denunciation of the massacres, administration officials say they recognize the guidance as a boundary on their public pronouncements.

That caution appears to reflect the attitude of an administration that has become deeply wary of new entanglements abroad, particularly in cases like Rwanda in which no vital American interests are at stake. With independent witnesses providing detailed accounts of organized killings by Hutus of the minority Tutsis, some senior American officials acknowledge that the administration's public posture reflects a certain lack of candor.

"Genocide is a word that carries an enormous amount of responsibility," a senior administration official said this week. If the United States were to join in describing the killings as acts of genocide, the official and others said, it would be natural — and unwelcome — for voters to expect that the U.S. response would include sending troops.

Under the 1948 genocide convention, the United States and other signatories are supposed to respond to cases of genocide by investigating and punishing those who commit it.

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A child armed with a pistol sitting in a car Thursday in Kigali, where the rebel Rwanda Patriotic Front was patrolling the city streets.

European Issues Are Few as Europe Votes

By Barry James
International Herald Tribune

DUBLIN — Europeans began voting Thursday for a new European Parliament, and in one country, Ireland, there were even some glimmers of enthusiasm among the general mood of apathy.

Surveys showed a low voter turnout in all four countries that went to the polls Thursday. But in Ireland, to an extent unmatched elsewhere in Europe, the election was about personalities as much as issues. As one official put it, the Irish were electing the politicians they thought "would make the cookies come out of their mouths."

"In Europe you can get a lot of things done if you go about it the right way," he said. "Ireland is the master of pork-barrel politics. We export it to the United States."

Besides the Irish, voters in Britain, Denmark and the Netherlands cast ballots Thursday. The rest of the 12-nation European Union votes Sunday. A total of 567 seats in the Parliament are at stake.

In virtually every country but Ireland, voters have confined their attention mostly to national issues such as the survival of Prime Minister John Major in Britain; the corruption scandals sweeping around the government of Prime Minister Felipe Gonzalez in Spain; the political future of Chancellor Helmut Kohl in Germany, or next year's presidential race in France.

The apathy about Europe-wide issues seemed almost palpable, even though the biggest complaint about the European Union is its lack of accountability — just what the Parliament is intended to redress.

In most EU countries, people vote for party lists rather than for specific candidates for parliamentary seats. In other words, they know what they are voting for but not whom.

Not so in the Irish Republic, which has 15 seats in the Parliament. Dublin has been plastered with the faces and names of candidates who are in competition not only with rivals from other political parties but also from their own.

"I have been a member of the European Parliament for 10 years, and believe me, I have had to work for every vote," said Mary Benotti, who is fighting to keep her seat in Dublin.

Results of races in all 12 EU nations will be announced after the last polling booth closes Sunday. Analysts forecast that the socialists

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Saving Money? For Pentagon, Not So Simple

By John F. Harris
Washington Post Service

WASHINGTON — In the far reaches of the Defense Department, some planners last year thought they had found a simple way to save money by changing the way the military supplies fuel to air bases in North Carolina.

It turned out the plan — using a pipeline instead of ship and railway to deliver fuel — was not as simple as they had hoped. A North Carolina lawmaker, Representative E. Martin Lancaster, a Democrat, complained that the change would damage national security while costing his district jobs. He vowed to "use every ounce of influence I have" to block it.

After he intervened, a senior Pentagon official, James R. King, put the cost-saving measure on hold. Despite an extensive Defense Department study strongly endorsing the change, the idea has languished for six months and has yet to save taxpayers a cent.

The fate of this small proposal tells a larger story about the pitfalls of trying to restructure the military. The \$4.1 billion annual saving envisioned by the Defense Fuel Supply Center is pocket change in the Defense Department's \$262 billion annual budget. Yet the issue has effectively gummed gears at the Pentagon. That points to the kind of obstacles likely to bedevil more far-reaching proposals to change military spending.

The Defense Fuel Supply Center is a \$4.4 billion agency in the Defense Department. It buys roughly 10 percent of all the jet fuel used in the United States every year.

Supervisors at the fuel agency declined to be interviewed about the dispute with Mr. Lancaster, whose seat on the House Armed Services Committee gives him influence over the military. Mr. King, the deputy undersecretary of defense for logistics, also declined to be interviewed, saying the issue remained under study.

For years, the fuel used for military planes in

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Elderly Sarajevans checking lists posted at an aid organization on Thursday to see whether they had received private food parcels from friends and relatives living abroad.

House Demands Clinton Allow Arms for Bosnia

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — The House of Representatives expressed its frustration Thursday with President Bill Clinton's Bosnia policy, demanding that the United States allow arms shipments to the Muslim government in Bosnia in defiance of a United Nations ban.

By a vote of 244 to 178, the House adopted a resolution that would require the president to end unilaterally U.S. support for the global ban on arms shipments to the former Yugoslavia. It also authorized up to \$200 million in arms shipments to the Bosnian government.

Several legislative hurdles remain before the measure becomes law.

The action, in an amendment to a military spending bill, came despite a major lobbying effort by the White House on Thursday morning that included strenuous opposition by Defense Secretary William J. Perry, Deputy Secretary of State Strobe Talbott and the nation's top military officer, General John M. Shalikashvili.

Mr. Clinton has said he favored ending the UN embargo, but only in concert with European allies, who have opposed such a move.

The House vote provided a platform for opponents of the president's foreign policy to sharply criticize the White House. One leading Democrat, Representative Dave McCurdy of Oklahoma, called Mr. Clinton's Bosnia policy "a charade." A Republican, Henry J. Hyde of Illinois, accused the White House of "endless palaver, indecision, paralysis and no follow-through."

But the real impact of the vote was in doubt. The amendment must be reconciled with action last month in the Senate, which confused the

matter when it voted in separate amendments to abandon the arms embargo unilaterally and also to seek United Nations and NATO agreement to abandon the embargo.

Immediately after the House vote, members began debate on a second measure that would negate the first vote by requiring the president to seek only UN support for an end to the arms embargo.

In a letter to the House, Mr. Clinton declared that unilaterally ending the arms embargo would end the peace process in Bosnia, and his aides said such a move would "fracture" the NATO alliance and undermine Russian assistance in the Balkans.

His supporters argued that unilateral U.S. action would effectively end cooperation from West European nations and Russia, would undermine all other international sanctions efforts, including those in Haiti and Iraq, and would draw U.S. troops into the civil war.

Supporters of a unilateral lifting of the embargo often cited moral grounds, arguing that Serbian aggression against Muslims amounted to genocide. They said the current policy permitted this aggression to continue unchecked.

A UN relief spokesman said Thursday that Bosnian Serbs were evicting Gypsies from the northern city of Banja Luka, continuing a campaign of force removals and terror against the non-Serbian population. The Associated Press reported from Sarajevo.

Peter Kessler, spokesman for the UN High Commissioner for Refugees, said the latest expulsions at Banja Luka, 140 kilometers (87 miles) northwest of Sarajevo, seemed to represent so-called ethnic cleansing at its most basic.

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North Korea Threatens Japan and South Korea

Pyongyang Officials Warn of 'Devastation' if Sanctions Are Imposed

Compiled by Our Staff From Dispatches

SEOUL — North Korea threatened the Japanese with reprisals and the South Koreans with devastation on Thursday, stepping up its verbal onslaught in a worsening dispute that it warned could lead to war.

After rejecting United Nations inspections of their suspect nuclear program, which is at the heart of the dispute, the North Koreans are now trying to fend off economic penalties that the United States is straining to organize — at the United Nations, if it can, or outside it, if it cannot.

Prospects of the UN Security Council's acting to impose sanctions receded even further Thursday when the Chinese, who as a permanent member have a veto on the council, rebuffed South Korea's attempt to enlist their help. China said sanctions were inappropriate.

That appeared to leave the United States with what Secretary of State Warren M. Christopher has called a "coalition of the willing," or governments that would back sanctions independently of the United Nations. Such a coalition, in Washington's view, would have to include Japan and South Korea to be effective. With that in mind, North Korea focused Thursday on those two neighbors.

In Pyongyang, the North Korean Foreign Ministry said Japan could be sure of reprisals if it took part in sanctions.

"If Japan should take the lead or be involved or join forces in any 'sanctions' against us, we would regard it as a declaration of war and Japan would be unable to evade a deserving punishment for it," the ministry said in a statement.

Then the North Korean foreign minister himself, Kim Yong Nam, warned South Korea leaders.

"They should remember that if they blindly follow the policies of the United States as to sanctions and finally start a war, then in the end South Korea will be devastated," he said in a statement in Kiev, where he was on an official visit.

North Korea has come under growing international pressure since it refused to let UN inspectors test samples of nuclear fuel at a site near Yongbyon. The samples were to determine whether material had been diverted illicitly to make atomic weapons.

In response to the U.S. effort to inflict economic penalties over the refusal, North Korea said it would view sanctions as an act of war.

Although Japan is on record as favoring sanctions, the government is still worried about the possible consequences. Tokyo is worried about a violent reaction from the nearly quarter million North Koreans living in Japan. In addition, defense officials are aware that most major Japanese cities are within range of the Rodong-1 missiles that North Korea has been testing.

Mr. Kim, in his statement, announced that his country would continue its program of testing intermediate-range missiles.

"Missile launches occur in any country regularly," he said. "Until now, no one ever mentioned anything about our launches of experimental missiles. We don't understand why there is so much noise about it now."

The Japanese foreign minister, Koji Kakizawa, counseled caution on Thursday.

"We must avoid remarks that might incite North Korea," he told lawmakers.

In Beijing, where the South Korean foreign minister, Han Sung Joo, had appeared on Wednesday for China's help, the Chinese Foreign Ministry spokesman, Shen Guofang, said, "We are not in favor of the involvement of the United Nations Security Council in this issue."

"We do not agree on sanctions," he added, "for sanctions will only serve to push the parties concerned into confrontation with one another and result in a situation no one wants to see."

Mr. Shen urged North and South Korea, the United States and the International Atomic Energy Agency to negotiate again. He said there was still "room and the possibility" for a peaceful settlement as long as all parties remained calm.

In other diplomatic activity, President Kim Young Sam of South Korea telephoned Prime Minister Tsutomu Hata of Japan on Thursday to discuss the stalemate, said a presidential spokesman, Choo Don Shik.

"Japan believes the nuclear conflict should be resolved through negotiations but realizes that because of North Korea's attitude, UN

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The 'Rise and Fall of an Honest Farmer'

By John Tagliabue
New York Times Service

MILAN — They used to grace the villa along the Appian Way in Rome, the hunting lodge in Tuscany, the apartment in Milan. But this week they were on auction at Sotheby's here, the walnut 17th-century armchairs, the paintings in the French and Flemish styles, the Oriental carpets.

They once graced the rooms of the powerful Ferruzzi family, the founders of a business empire built on farming and the foodstuffs, trade, chemicals, insurance and a hundred other things.

But Italy is changing, and last year the Ferruzzi empire, crushed by \$11 billion of debt generated by bad business and, some say, crooked financial dealings, was taken over by a consortium of banks.

Many of the family's personal belongings were seized as well, and it was these — 665 lots of antique furnishings and artworks — that started going under the gavel Tuesday in Sotheby's elegant Art Nouveau villa on Via Broletto in Milan before more than 10 times the usual auction crowd.

The crowds were drawn by more than the reputation of the Ferruzzi case as a triumph over corruption. For many in Italy it was also the vindication of Milan, the center of big money, over the provincial upstarts. Few could forget the peasant origins of Serafino Ferruzzi, the patriarch, and of his ill-fated son-in-law, Raul Gardini, who married Serafino's daughter Idina and, after the old man's death in 1979, picked up the reins of the empire.

"It's the fall of a symbol, and it creates a kind of nostalgia," said Nino Bellavia, an engineer in his 50s who traveled with friends from Rimini, in the Ferruzzi's native Romagna, for the bidding. The paintings, Mr. Bellavia said, were by minor artists, not terribly good.

"Yet it's incredibly interesting, because I think they reflect the decline of a dynasty," he said.

Franco Gallina, a businessman who bid on a

pair of wrought-iron lamps, said, "It's not exceptional stuff, but they're beautiful things, very rich, and decadent."

The name Ferruzzi, he said, is what counts. "There's a lot of curiosity."

Mr. Gardini was a gambler who in 1989 lost \$300 million in Chicago, trying to corner the soybean market, and a sportsman who hunted in Tuscany and whose yacht, Il Moro di Venezia, came tantalizingly close to bringing the America's Cup to Italy in 1992.

Last July, when the noose of legal investigation tightened around the Ferruzzi family management, Mr. Gardini shot himself to death. It was reported Wednesday that his widow would become a lay nun with the Carmelites.

The details of the downfall became known to Italians over the course of this year in a trial in Milan of one of Mr. Gardini's advisers, a Neapolitan nobleman and money manager named Sergio Cusani, who was convicted and sentenced to 18 years in prison.

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Kiosk

Ukraine to Dump Unfinished Carrier

Dow Jones	Trib Index
Up 3.69 3,753.14	Down 0.08% 112.73
The Dollar	
New York	Thurs. close previous close
DM	1.6672 1.6685
Pound	1.5085 1.511
Yen	103.985 103.95
FF	5.676 5.693

KIEV (AP) — Ukraine will scrap an aircraft carrier because it cannot find a buyer for the rusting Soviet-era behemoth, which has languished unfinished in a shipyard for five years, a senior official said Thursday.

Construction of the carrier Varyag's hull was nearly complete when the Soviet Union broke up. Ukraine inherited the vessel along with the Nikolayev shipyard on the Black Sea.

Deputy Prime Minister Valeri Shmarov said Thursday that the Varyag's bottom had begun to rust. "It's a tragic and forced decision," he said, "but experts have warned the ship may sink because the hull is in very bad shape."

There are benefits to renting a house in Italy instead of staying in hotels. Page 10.

Newsstand Prices
Andorra.....9.00 FF Luxembourg 60 L. Fr
Antilles.....11.20 FF Morocco.....12 Dh
Armenia.....1.400 CFA Qatar.....11.20 FF
Commonwealth.....E.P. 5000 Réunion.....9.00 R
France.....9.00 FF Saudi Arabia.....9.00 R
Gabon.....900 CFA Senegal.....900 CFA
Greece.....300 Dr. Spain.....200 Ptas
Italy.....3.000 Lire Tunisia.....1.000 Din
Ivory Coast.....1.120 CFA Turkey.....T.L. 35,000
Jordan.....JD U.A.E.....8.50 Dirh
Lebanon.....L.S. 1.50 U.S. Mil. (Est.) \$1.70

PLO Wants Aid Funds, Fast But It Says Donors' Supervision Is Humiliating

By Youssef M. Ibrahim
New York Times Service

JERUSALEM — The Palestine Liberation Organization is pressing for speedier disbursement of millions of dollars tagged by the international community for Gaza and Jericho, claiming it urgently needs \$177 million from a meeting of aid donors in Paris that began Thursday.

PLO officials are resisting stringent measures to supervise the spending of these monies, which many donors are insisting upon. The PLO has complained that some of the requirements for accountability are humiliating and cumbersome.

Surprisingly, Israeli officials who are becoming worried that lack of funds may seriously impair the autonomy process are joining the PLO in arguing for less-stringent controls.

Israel has sent a delegation headed by Yossi Sarid, the environment minister, to assist the Palestinians at the Paris talks.

PLO officials here said the immediate infusion of at least \$100 million was necessary to pay the salaries of a steadily growing police force, whose numbers are approaching 7,000, and to begin urgently needed infrastructure projects, supply hospitals with medication and pay teachers.

The money is needed as Israel has set a time frame of three months to withdraw from managing spending in Jericho and Gaza.

World donors had pledged some \$2.4 billion in aid to the Palestinians, but the mechanisms for disbursing these sums are yet to be clarified. So far the Palestinians have received only about \$7 million, from the United States and Norway.

Much of this amount has gone to pay the Palestinian police officers, most of whom had not been paid for over seven months before arriving in Gaza and Jericho last month.

Hassan Abu Libdah, deputy chairman of the Palestinian Economic Council for Development and Reconstruction, which is in charge of financial aid, said:

"The money is the carrot for signing the peace agreement with Israel. We have signed. Yet all we hear now is demands for accounting before we even get more funds."

"It's like being considered guilty before the trial," he said. "Let us have the funds and we will account for them."

According to figures by Mr. Libdah's group, the PLO estimates that it will need \$381 million this year as the self-rule process unfolds.

Palestinian officials said they expected to raise \$204 million from taxes and fees collected in Jericho and Gaza, leaving a deficit of \$177 million.

"Without securing it we can't build new administrations, or pay the police force or employees," said Ahmed Qurei, the PLO official in charge of finances, who also was responsible for negotiating most of the economic agreements with Israel related to the autonomy accord that was signed in Cairo last month.

Representatives of world donors, which besides the United States and Norway include the European Union, Japan, Saudi Arabia and the World Bank, began the two-day meeting in Paris on Thursday to discuss problems that are blocking the flow of money.

Much of the focus is on demands by the donors for a mechanism to review the spending. But part of the problem is an unspoken resistance to hand over cash to the PLO chairman, Yasser Arafat, and his team.

Most donors seem to favor well-planned projects and some accountability — procedures that the PLO describes both as delaying tactics and an unnecessary humiliation.

Last week, Mr. Arafat suggested that he might delay his return to Palestinian lands if the money was not not disbursed immediately.

"I can understand that donors are concerned about how their funds will be spent, but their conditions are humiliating because no Palestinian official will go begging donors each month and tell them 'Please pay my employees' salaries,'" Mr. Qurei said recently in a comment that accurately reflects the mood among Palestinian officials here.

An Oasis Amid Algerian Strife

Kabyles Are Wary of Both Regime and Muslim Militants

By Jonathan C. Randal
Washington Post Service

TIZI-OUZOU, Algeria — Tizi-Ouzou is a faded sepiat snapshot of Algeria's past — a city that reminds visitors of the way the rest of the country was not long ago, but may never be again.

The main concern in this former French colonial administrative center is how long it can remain apparently immune to the struggle between the army-based secular government and insurgents determined to create an Islamic state.

So far, it has succeeded. Diplomats estimate that 4,000 Algerians around the country have been killed in the 29-month struggle, but only a few dozen here in the Kabyle heartland.

But residents of Algiers, the capital, 50 miles to the west, say both sides would love to entangle Tizi-Ouzou — and the mountainous region of Kabylie, home of the Kabyle people — in the hope of somehow upping the balance of forces and ending a bloody stalemate.

The Kabyles, the most populous of several Berber peoples who lived in North Africa long before the Arab conquest, have always maintained a separate identity within Algeria. They have good reason to be suspicious of the central government as well as of the fundamentalists. Both have records of intolerance toward minorities, especially the Kabyles.

"We think Algeria is finished,

and we do not feel involved," said Karim, 24, an economics major encountered outside a dining hall at the university here. "We should let the army and the Islamic militants fight it out."

Yet, Tizi-Ouzou and its 80,000 residents are still living in an oasis of peace, tolerance and reason. On weekends a half-dozen hotels and three discotheques turn away customers who, fed up with empty streets well before nightfall in the rest of the country, flock in to relax and make merry well into the night. Most visitors are from Algiers, which, after decades of migration, is largely inhabited by Kabyles.

Real estate prices in Tizi-Ouzou have doubled in the last two years, and construction cranes are much in evidence, demonstrating the city's attraction for investors and businessmen discouraged by the violence in the rest of the country. A few miles down the road, travelers are subject to armed robberies.

At the university, the only one in Algeria where instruction is in French rather than Arabic, female students are not pressured to wear head scarves.

Students from Rwanda, who at times encountered racist hostility in other Algerian universities, are welcomed here, as is an economics professor from Kurdish Iraq who was chased out of his own country.

Beer and other alcoholic drinks are on sale in bars and restaurants. Liquor stores are adequately stocked. Still, many out-of-town

clients wrap their bottled purchases in old newspapers so as not to arouse suspicion on the way home.

It is this kind of reflex precaution disturbing the appearance of normalcy that gives a hint of everyday anguish to the capital of Algeria's only region not subject to a nighttime curfew.

"Neither police state nor Islamic republic" is the slogan of the Front for Socialist Forces, founded by Hocine Ait Ahmed, one of the original "historic chiefs" of the 1954-1962 war of independence against France, now forced into exile by repeated death threats.

Despite their hold on the "Kabyle bastion," leaders of the Socialist Forces are aware that slogans are not enough to avoid an outcome they feel would be to their detriment and to that of the Algerian state.

They live with what they see as the nightmare possibility that the army or Islamic radicals could win outright or, worse, strike a deal excluding them and the other divided "democratic" forces.

With such a fate in mind, Mr. Ait Ahmed, in his Swiss exile, and his younger lieutenants in Algeria keep preaching a political solution involving not just the Islamic Salvation Front and the army, but the Front for Socialist Forces and the National Liberation Front, which ruled Algeria from independence until 1992. Both fronts won seats in the 1991 elections.

Recently, some Socialist Forces leaders have encouraged reconciliation with a small Kabylie-based party, the Rally for Culture and Democracy. But that party is opposed to any role for Islam in politics and long has been the bane of Mr. Ait Ahmed's existence.

One senior Socialist Forces staffer argued that such differences must be overcome because "all the democratic movement has its back to the wall" and Algerians in general, and not just the Socialist Forces, would "not stand idly by" and accept an Islamic state.

An Islamic state "would awaken old demons" of separatism in Kabylie and other regions, lead to the collapse of the state and threaten long-term stability throughout North Africa, he argued.

Such talk conjures up Kabyle revolts against the French in the 19th century. Mr. Ait Ahmed's own short-lived uprising in 1963 against a new independent central government, and the general fragility of a still-fledgling Algerian state.

But mountains no longer provide impenetrable hideouts and Kabylie's economy depends almost entirely on trade with the rest of Algeria.

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Southern Yemenis fleeing Thursday after their village was attacked by northern forces.

In Yemen, Shells and a Truce

ADEN, Yemen — Shells hit the outskirts of Aden on Thursday as northern artillery and warplanes pounded the southern secessionist capital. Later, the North Yemen leader, Ali Abdullah Saleh, ordered his forces to observe a cease-fire. Radio Sana'a reported. It was the second unilateral cease-fire declared by Sana'a this week. A truce called for Monday collapsed within hours.

The cease-fire responded to a United Nations Security Council call for a halt to the war, the Sana'a broadcast said.

The truce followed rocket and artillery battles between northern and southern gunners around Aden, where officials struggled to secure water and power supplies.

Northern artillery around Aden began firing in the morning. Southern gunners hit back, and warplanes began attacks at dawn. The Aden airport was targeted but the extent of the damage there was unknown.

At the height of the northern artillery barrage, shells were crashing in and around the city at the rate of one a minute.

Northern forces, fighting what they see as a rebellion by southern leaders against a north-south union formed in 1990, have tried repeatedly to put the airport out of action.

Southern planes use the airport as a base for bombing and strafing northern forces, who have now come within 20 kilometers (12 miles) of Aden's northern suburbs.

Shortly after noon, southern naval fire thundered from the coast off of Aden toward northern positions.

The naval bombardment followed the arrival of a UN envoy, Lakhdar Brahimi, in the northern capital of Sana'a on Wednesday on a mission to try to arrange a cease-fire in the five-week-old civil war.

The fighting broke out following nine months of dispute over the balance of power in the union.

Barry Sullivan, Film Actor, Dies at 81

LOS ANGELES — Barry Sullivan, 81, who starred in the 1949 film "The Great Gatsby," died of respiratory failure Monday at his home in Sherman Oaks, California.

Mr. Sullivan's career, which began on Broadway when he played the defense attorney in "The Caine Mutiny Court Martial," spanned more than four decades, and included television as well as more than 30 films.

After five years on the Broadway stage he moved to Hollywood and made his name playing dour, unsmiling, authoritarian characters.

His first film was "The Woman of the Town" in 1943. Besides "The Great Gatsby," in which he played opposite Alan Ladd, Mr. Sullivan's other films include "Two Years Before the Mast" in 1944, "The Bad and the Beautiful" in 1952, "An American Dream" in 1966, "Earthquake" in 1974 and "Oh God!" in 1977.

Dennis Potter, 59, Creator of "The Singing Detective"

Dennis Potter, 59, the caustic and controversial writer of the innovative British television dramas "The Singing Detective" and "Penetration," died of cancer Tuesday at his home near Ross-on-Wye, England.

Mr. Potter wrote novels and screenplays, but it was in television, which he referred to as "the greatest of all media" because of its accessibility, that he preferred to

work. He took audacious liberties with television drama, infusing it with new life by turning its conventions upside down.

He was best known for "The Singing Detective," about a writer of crime novels who, while lying in a hospital bed and being treated for a skin disease, sees his life, his fictional characters and the contents of his unconscious parade before him.

General Yohai Bin Nun, 69, commander of the Israeli Navy during the 1960s, died of a heart attack Monday in a New York hospital. He lived in Kibbutz Maagan Michael in Israel.

Henri Lesieur, 93, a former execu-

tive with Air France who was responsible for introducing the carrier's trans-Atlantic passenger service in 1946, died of heart failure Saturday in a hospital in Miami Beach, Florida, where he lived.

Ish Kabibble, 85, the lovable and silly comedy trumpster player with Kay Kyser's "College of Musical Knowledge," died Sunday in Palm Springs, California. His real name was Merwyn Bogue.

Earle Warren, 79, an alto saxophonist and singer best known for his work with the original Count Basie Orchestra, died of a stroke and kidney failure Saturday in Springfield, Ohio.

Jovian Comet Crash May Leave Acoustic Trace

By Malcolm W. Browne
New York Times Service

CAMBRIDGE, Massachusetts — When some 20 chunks of a comet smash into Jupiter next month, the giant planet will be the noisiest place in the solar system outside the sun — so noisy, in fact, that scientists may be able to see effects caused by the acoustic blasts.

At a meeting in Cambridge this week of the Acoustical Society of America, specialists from the Naval Research Institute, the Scripps Institution of Oceanography and the Massachusetts Institute of Technology reported that although the impacts of Comet Shoemaker-Levy 9 will be on the far side of Jupiter and not visible from Earth, the sound of their

titanic explosions will circle the planet and perhaps leave visible traces.

To calculate the behavior of sound emanating from the bombardment, Michael D. Collins of the Naval Research Laboratory and his colleagues adapted mathematical tools used to predict the propagation of sound in the ocean.

Oceanographic physicists believe that sound will behave in the dense, turbulent atmosphere of Jupiter much as it does in the ocean, and will be channeled into specific paths by gradients of density, temperature, wind and other factors that have counterparts in terrestrial seas.

Astronomers found in March 1993 that Comet Shoemaker-Levy 9 had approached

Jupiter's gigantic gravitational field so closely that tidal forces had tipped the comet apart, scattering big chunks along a line that through a telescope looks like a string of pearls.

The chunks are still in orbit around Jupiter, the largest planet in the solar system, with a diameter that is 11 times that of Earth's. But the chunks are now doomed to hit Jupiter's atmosphere at about 44 degrees south latitude over a period of one week beginning about July 18.

The largest piece of the comet is several miles in diameter and will hit Jupiter at about 133,000 miles per hour, becoming what Mr. Collins described as "a nice acoustic source."

WORLD BRIEFS

Russia's Budget Bill Is in Trouble

MOSCOW (Reuters) — The speaker of the upper chamber of Russia's legislature said Thursday that the body would veto the 1994 budget, arguing that the military needed more money.

"If the army is short of money, the money should be found," said Vladimir Shumeiko, who presides over the Federation Council. "Naturally, the Federation Council would not agree to this budget," he said, "personally oppose it."

The State Duma, the lower chamber, approved a deficit of 70 billion rubles (\$36 billion) on Wednesday, less than 10 percent of gross domestic product and in line with targets set by the government, with the blessing of the International Monetary Fund. Mr. Shumeiko's remarks highlighted a conflict between powerful lobbies vying for their share of limited finances.

17 Jailed for '92 Township Murders

PRETORIA (Reuters) — A Pretoria judge on Thursday sent 17 blacks to prison for the 1992 Boipatong township massacre of 43 people, by hostel residents, which temporarily derailed South Africa's transition to majority rule.

"What you did required a death sentence," the Pretoria Supreme Court judge, J. M. C. Smith, told the defendants, who are supporters of the Inkatha Freedom Party leader, Chief Mangosuthu Buthe. "But after weighing evidence from expert witnesses, including social workers, I have decided that sentence in this regard is not suitable. However, I am going to remove you from society."

The defendants received prison terms of 10 to 13 years. About 80 residents of the migrant workers hostel were originally charged with the murders. Nelson Mandela, leader of the African National Congress, broke off democracy negotiations with the government, saying that the massacre was evidence of what he called President Frederik W. de Klerk's lack of regard for black lives. The ANC accused white police officers of assisting the Boipatong killers, but the allegations were never proven.

Germans Acquit Trio in IRA Trial

DUSSELDORF — A German court on Thursday acquitted three alleged members of an Irish Republican Army hit squad accused of gunning down a British army major in 1990.

Judge Wolfgang Steffen said prosecutors failed to prove the guilt of Donna Maguire, 27, Sean Hick, 34, and Paul Hughes, 30. The three had been charged with attacks in Germany and the Netherlands that prosecutors said were committed by an IRA hit squad. While all three were probably IRA members, "there is no proof they were the assassins" or members of a hit squad, Judge Steffen said.

Major Michael Dillon-Lee was shot as he returned to his Dordrecht home from a party, five days after the killing of two Australian lawyers in the Netherlands. Prosecutors said the two killings were part of the same IRA campaign. The three were also acquitted of the Netherlands killings.

Woman Hurt in Dutch Hostel Attack

AMSTERDAM (Reuters) — A fire that the police said was arson badly damaged a hostel for asylum seekers in the Dutch seaside town of Wijk aan Zee on Thursday, the Dutch news agency ANP said.

A woman was seriously injured leaping from a window as the fire spread panic among the hostel's 75 residents, the police said. No one has taken responsibility, and the police said they had no clues as to who might have carried out the attack.

The Netherlands offers refuge to thousands of asylum seekers every month but has largely escaped the racist attacks on foreigners that have troubled Germany.

Poll Shows Japan Supports Military

TOKYO (AFP) — More than half of Japanese have a favorable impression of the country's military, according to a newspaper survey published Thursday.

The Yomiuri newspaper said that 53 percent of respondents had a favorable impression. The result was up 13 percentage points from a similar survey in 1991, the newspaper said, and marked the first time since 1984, when the paper began taking surveys on the armed forces, that more than half of respondents held a favorable view.

The newspaper said the increase in support was attributable to the military's participation in the United Nations peacekeeping operation in Cambodia. A total of 70 percent of respondents said that the military's participation in peacekeeping operations was necessary.

For the Record

Emperor Akihito and Empress Michiko of Japan leave Friday for a two-week trip across the United States that includes a White House banquet and a visit to a World War II cemetery in Hawaii. (AP)

The U.S. Senate has confirmed the nomination of Frank Wisner, a veteran diplomat, as ambassador to India and Timothy Chornia, a Washington lawyer, as ambassador to Singapore. (Reuters)

TRAVEL UPDATE

The D-Day Beaches Come to Paris

PARIS (AP) — An American acoustical artist has brought the sounds of the Normandy beaches to the middle of Paris as part of D-Day anniversary celebrations.

Bill Fontana's offbeat work involves recording the sounds of waves and seabirds along the coast and transmitting them live into the tunnels leading to the Arc de Triomphe as well as outside the monument. The work, titled "Sound Island," is to remain in place until the end of August.

France is tops on the Continent in credit card thefts, according to a survey by a British company, Card Protection Plan, showing that 41 percent of the thefts reported by its policyholders were in France. Spain was second with 27.7 percent and Italy third with 7.7 percent. Paris was the worst city for credit card thefts, followed by Nice. (Reuters)

Longshoremen went on strike Thursday in Marseille, paralyzing shipping in a dispute over privatization efforts in the maritime industry. The union said the strike would spread nationwide Friday to Sunday. (AP)

A one-day strike Thursday by journalists and technicians at the BBC's World Service disrupted radio news programs normally heard by 120 million people around the world. The walkout was to protest plans to introduce new work rules and to link pay raises to performance. (AP)

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THE AMERICAS / THE BIG SANDY

POLITICAL NOTES



Health care workers at a Washington protest calling for a health plan that benefits patients.

U.S. Supports Compensation For Veterans' Gulf War Illness

WASHINGTON — The Clinton administration said Thursday that it favored compensating U.S. veterans for illnesses they may have contracted from Iraqi biological and chemical weapons during the Gulf War.

Jesse Brown, secretary of veterans affairs, said the administration had decided to give veterans the benefit of the doubt, even though no conclusive link had been established between Gulf War service and veterans' chronic complaints.

In a series of television appearances before testifying to Congress on the issue, Mr. Brown said the government had not yet determined whether the so-called Gulf War syndrome existed.

"The science is still out on that," he said in an interview on CNN. "We have many, many smart people looking at that."

By backing compensation now, he said, the administration was trying to be "proactive" and "fair" to suffering veterans.

More than 10,000 Gulf War veterans may be afflicted by the illness, according to lawyers who filed suit Wednesday against 11 U.S. chemical companies in a Gulf War-related action. (Reuters)

Health Care Plan's Prospects Brighten In House and Senate

WASHINGTON — As pivotal committees met on both sides of Capitol Hill, health-care legislation advanced in the Senate and its prospects brightened in the House.

The Senate Labor and Human Resources Committee voted Wednesday to require employers to pay most of the cost of health insurance for their workers and to limit increases in insurance rates.

The chairman, Senator Edward M. Kennedy of Massachusetts, said he expected final committee approval of the bill imminently.

And Democrats on the House Ways and Means Committee emerged from a private meeting on a health-care overhaul with their new acting chairman, Representative Sam M. Gibbons of Florida, saying that they would have the votes to send their version of the bill to the full House for a vote.

Mr. Kennedy's bill is closely patterned on President Bill Clinton's, although it would lighten the burden on small businesses. Mr. Gibbons' measure has somewhat more differences from the president's plan. But on both sides of the Hill, the

critical question is less what is in the bills and more one of getting them to votes by the full House and Senate, for the inevitable shaping and reshaping.

While the Labor Committee's approval has been guaranteed since Mr. Clinton first proposed his legislation, the prospects on the Ways and Means Committee have been less certain.

With all 14 Republicans likely to vote against the bill, supporters will need the votes of 20 of the 24 Democrats. Some feared that the indictment and removal of the committee's longtime chairman, Dan Rostenkowski of Illinois, would make assembling that majority much harder. (NYT)

Senate Tightrope Act Makes Life Lonely at the Top for Dole

WASHINGTON — When Senate Republicans divide into their moderate and conservative wings to hold separate luncheons every Wednesday, one senator is nearly always missing.

"On Wednesdays," said the Senate Republican leader, Bob Dole of Kansas, "I dine alone."

At age 70, after nearly 34 years in Congress and more than two decades as a national Republican leader, Mr. Dole is one of the most powerful, adept and enduring figures in American politics today. A man of extraordinary agility who is almost never caught in a tight corner, he is a fierce partisan, a conciliator, a budget slasher with a soft spot for food stamps, a tough guy who weeps at the funerals of friends.

But it may be the solitary Wednesday luncheons that tell the most about Mr. Dole these days as he tries to lead a deeply divided caucus, while juggling his other roles as senator from Kansas, his party's top officeholder and possible 1996 presidential candidate.

Mr. Dole breaks his rule now and then to attend the luncheons, as he did recently to discuss health care with both groups. But he jokes that he generally avoids the luncheons because senators are "all in there plotting against the leader." They are not, but if he were to choose sides, they might. And his balancing act could come tumbling down. (WP)

Quote/Unquote

Representative Sam M. Gibbons, asked how it was to sit in the chairman's seat of the House Ways and Means Committee as interim successor to Dan Rostenkowski: "It's like all the other chairs in there. It's kind of hard." (NYT)

Flood's Aftermath Tests Farmers' True Grit

By Keith Schneider

New York Times Service

HARTSBURG, Missouri — First came the flood, which tore nearly 500 holes in the farm levees along the Missouri River last year and drowned \$150 million in crops.

Now the water is gone, but the rampaging river left even greater trouble: millions of tons of sand that have transformed miles of fertile bottom land into a desert landscape of blowing grit and shifting dunes.

Nowhere in the Midwest was the agricultural damage from the 1993 flood as extensive as it was here in Hartsburg and the other farm villages that hug the Missouri River.

The Soil Conservation Service, a unit of the federal Department of Agriculture, estimates that of the 945,000 acres on the Missouri River flood plain, 455,000 were damaged by sand and erosion.

Reclaiming the flood plain, for generations Missouri's most productive farmland, could cost \$500 million, the conservation service said. Perhaps 200,000 acres have been permanently ruined by sand.

"It's an awful mess," said Orion Beck-

meyer, who before the flood last summer grew corn and soybeans with his brother, Glen, on their 900-acre farm here along the Missouri River.

The brothers estimate that perhaps 100 acres are beyond help, and as Orion Beckmeyer climbs into the cab of his tractor, he scowls at a landscape of water, sky and sand so foreign it could pass for the New Jersey shore.

"We got years of work putting this place back together," he said. "No matter what we do, the land will never be as good as it was."

This will be the second successive year that the Beckmeyers will not harvest a crop. Nor are they alone. Hundreds of farmers are trying to reclaim sand-covered land by turning their fields over with immense plows.

They hope to mix the sand on top with more fertile dirt that lies beneath it, giving their ground enough organic matter to support a crop next year.

But when the sand is more than two feet deep, plowing is generally useless, according to Russell Mills, the director of the Soil Conservation Service in Missouri.

"In a lot of places out there we have sand five feet deep," he said. "The river turned the best farmland in the world into a giant sand-bank."

The extent of the damage surprised the Beckmeyers and other farmers in the flood plain. But the possibility of such devastation had been anticipated for decades by government hydrologists and engineers, Mr. Mills said.

The Missouri River, called "The Big Muddy" by people around here, carries five times the amount of sediment as the Mississippi River above Cairo, Illinois. The Missouri River also falls swiftly, twice as fast as the Mississippi.

Hemmed in such a river with dikes and levees invites trouble during flooding.

The high walls increase the depth of the water, concentrate the river's energy, and accelerate the current. Fast water scours the bottom, digging beneath the rich layer of dirt that usually lies there and churning up sand instead.

Anywhere along the way that is flat will cause the river to slow down and the sand

will drop out, which accounts for the innumerable sand banks in the river.

In 1944, as the United States began to invest in dams, dikes and other flood-control structures on the Missouri, Congress anticipated problems that might be caused by containing the river.

In the plan that they approved that year, the lawmakers proposed to build federal levees 1,500 to 2,500 feet back from both banks.

The idea was to give the river up to a mile of open space in high water, thereby dispersing the energy of floods across a larger area.

By designing a system of farm levees that gave the river room, Congress sought to reduce the velocity of the water and limit the amount of sand that would be scoured from the bottom and deposited on farm fields.

But the proposal was rejected by farmers, many of whom had already built their own levees right on the Missouri's banks to protect their fields, and were loathe to move them.

Last summer during the flood, the Missouri reassessed its authority, ripping the levee system apart.

Best Help Is No Help, Some Candidates Tell Clinton

By Richard L. Berke

New York Times Service

WASHINGTON — Craig Mathis is a Democrat running for Congress from Albany, Georgia. He is also running for President Bill Clinton.

The best evidence is in his campaign brochure, which leaves prospective voters no clue as to whether Mr. Mathis is a Democrat, Republican or some kind of hybrid.

"I will support the president when I believe he's right," he says in the brochure in bold type. "And I will oppose him when I think he is wrong."

Like many other nervous Democrats, Mr. Mathis, who is competing for an open seat in a conservative district, is something of a political refugee running for cover, as far from the White House as possible.

Haley Barbour, chairman of the Republican National Committee, overstated the case when he declared that Democrats were "running from Bill Clinton like scalded dogs." Still, Democratic candidates who fear that Mr. Clinton's low popularity ratings will rub off are beginning to distance themselves.

In doing that, they are causing turmoil in the Democratic Party.

David Wilhelm, the Democratic Party chairman, whose credo calls for all Democrats to run closely with the president, found himself in the uncomfortable position of learning on national television Wednesday morning that his own political adviser, Donald R. Switzer, was counseling some candidates to go their own way.

Some Democrats had already apparently come to the same conclusion. In California, Senator Dianne Feinstein has quietly removed herself as a sponsor of Mr. Clinton's health care proposal. In Wyoming, Governor Mike Sullivan opened his Senate campaign by declaring that the Republicans would try to link him to Mr. Clinton, one of his close friends. But he made it clear he would have none of it.

"If I am a captive, it is to Wyoming and its interests," he said.

In Oklahoma, Representative Dave McCurdy, who announced his candidacy for Senate on Tuesday, emphasized that he would support Mr. Clinton "when he acts on behalf of mainstream values" but "oppose him when he departs from those values."

And in Missouri, Marsha Murphy, a Senate candidate, gave an

emphatic response when asked if she wanted Mr. Clinton to travel to the state to campaign for her. "I think it's much more important for the people of the state of Missouri to get to know the person running for the Senate seat," she told The Kansas City Star. "I am my own person."

Of course, Democrats never snub the president when it is decidedly to their own advantage not to.

Incumbent presidents in off-year elections often spell trouble for their party members because when people are dissatisfied with the way things are going, they often blame the president and, by extension, anyone or anything associated with him.

It happened to President George Bush in 1990 because he had broken his no-once-in-a-lifetime pledge. For Mr. Clinton, there are several factors at play: Some Democrats, particularly in conservative areas in the South, do not want to be tarred by concerns about his character and other issues like his efforts to allow homosexuals in the military; others run from his health care proposal and other ideas that could leave open to attack as big-government Democrats, and some even cite his stewardship of foreign policy.

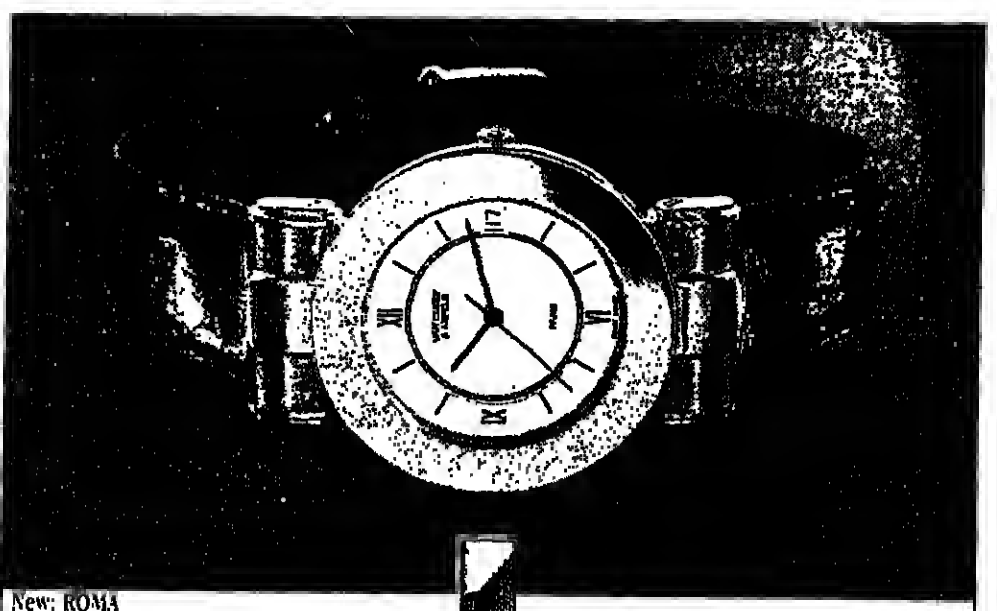
Mr. Switzer, the political director of the Democratic Party, feels this pain. In an interview in The Washington Times, he was quoted as saying, "There are clearly some areas of the country where it is not

going to benefit a candidate to associate himself with Bill Clinton, and if you want us to stay away, we'll stay away."

Those words led Mr. Wilhelm to

find himself playing the distancing game himself on Wednesday when asked on a CBS television news program whether he agreed with his aide's remarks. "Absolutely

not," he replied. "In fact, I have been arguing vociferously that people should run aggressive, proactive campaigns, run with the president."



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Pure Beauty: Some Recent Work from Los Angeles A new generation of Los Angeles-based artists — Richard Hawkins, T. Kelly Mason, Jorge Pardo, Sarah Seager, Thaddeus Strode, Diana Thater and Poe White — present site-specific works in a variety of mediums. June 8 — August 15

Bill Viola: Stations A new video installation of five channels of color video projection and sound focuses on images of the human body submerged underwater. June 8 — December 1

Nam June Paik: David & Marat Paik's two video sculptures combine his long-time fascination with the human form and technology, and were inspired by Jacques Louis David's painting, Marat assassiné (The Death of Marat, 1793). They are on view for the first time in Paris at the American Center. June 8 — December 1

The opening exhibitions are part of the Frederick Weisman Company Exhibition Series.

The American Center will be open daily to the public as of June 8, 11 am — 7 pm, closed Tuesdays. For information regarding inaugural exhibitions and events, membership, general admission and tickets, please call 44 73 77 77 (in Paris) or 212 966 0908 (in New York).

FBI Checks Cabinet Official's Trips

By David Johnston

New York Times Service

WASHINGTON — Federal investigators are examining whether Agriculture Secretary Mike Espy illegally accepted free travel, tickets to sporting events and other gifts from Tyson Foods Inc., the country's largest poultry processor, according to people with knowledge of the case.

The inquiry, conducted by the FBI, centers on a possible violation of the 1907 Meat Inspection Act, which makes it a crime for officials to receive any "thing of value" from any company or person regulated by the 87-year-old federal law. A violation is a felony punishable by a mandatory one-year prison sentence.

The issue of Mr. Espy's relationship with Tyson, a poultry company based in Springdale, Arkansas, and the largest employer in President Bill Clinton's home state, comes at a time when the Agriculture

Department has begun a campaign against unsanitary slaughterhouse practices.

But the agency has allowed the poultry industry to be subjected to less stringent inspection standards than meatpackers.

The Agriculture Department's decision in 1993, which spared Tyson and other poultry producers from rigorous inspections, brought complaints from meatpackers and consumer groups about selective enforcement of an industry with longstanding ties to the president.

But in March the department announced plans to institute a more stringent poultry inspection program.

The dealings between Mr. Espy and Tyson Foods, which is subject to regulation by the Agriculture Department, led to the inquiry into the cabinet official when the department's inspector general referred information to the FBI.

The initial referral showed that Mr. Espy had taken a trip paid for

in part by Tyson Foods in May 1993 when he stayed at the Tyson Foods Management Center in Arkansas and flew back to Washington aboard a Tyson company jet.

Mr. Espy has told investigators that he used the Tyson aircraft because he was ordered back to the capital at the request of the White House to attend a meeting.

So far, the investigation has turned up hints that internal Agriculture Department documents were shredded in the spring of 1993 during debates over enforcement policies at the department, the officials said.

The possibility of shredding is among several unresolved questions that have led the federal authorities to conclude that further inquiry is warranted.

But the investigation is nearing a crucial point when prosecutors at the Justice Department must decide whether to pursue the inquiry further or drop it.



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Away From Politics

• A concrete plant worker was buried up to his ears in 100 tons of crushed limestone for eight hours and had to breathe through a tube until he was freed. David McIntire, 29, was in satisfactory condition with a bruised right leg at York Hospital in Pennsylvania.

• The chances are nearly certain for an earthquake in the San Francisco Bay area by 2020, a seismologist for the U.S. Geological Survey told a conference on earthquake hazards. New faults found after the 1906 earthquake have pushed the chance of a killer quake up to 90 percent from 67 percent predicted four years ago by the agency.

• Three more U.S. cases have been confirmed, in

Colorado and southern California, of the infection by a bacteria that eats away at human muscle and flesh.

• A drug for obsessive-compulsive disorder might help men suffering from premature ejaculation, researchers say. Dr. Stanley Althof, a psychologist who specializes in urology and sexual disorders, said: "Clomipramine provides clinicians with an efficacious, relatively safe, long-term treatment alternative."

• Angela Lakeberg, the remaining Siamese twin separated last August in Philadelphia, died, just three weeks before her first birthday. Her sister, Amy, had died during the risky operation to separate the twins, who shared a liver and heart. Experts said their chance of survival was just 1 percent.

AP, Reuters

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Bluff Called, U.S. Casts About for Sanctions

By Michael R. Gordon
New York Times Service

WASHINGTON — One week after Washington said it would push for economic sanctions against North Korea, the Clinton administration is struggling to decide what sanctions are needed and how quickly they should be imposed.

For months, Washington made it clear that it would push for a gradually tightening series of trade bans if North Korea thwarted international inspections of its nuclear sites.

But now that Pyongyang has called Washington's bluff, the Clinton administration has issued vague threats while engaging in seemingly endless rounds of consultation with U.S. allies.

The administration has not even begun to circulate the draft text of a sanctions resolution.

The delay in completing a sanctions plan reflects the difficulty in devising measures that will punish North Korea for blocking inspections without causing it to withdraw completely from the Nuclear Nonproliferation Treaty, which stipulates inspections.

But it also reflects divisions within the administration's own ranks, as well as problems in coordinating with the allies. Officials said Washington was still struggling with options and that significant issues needed to be worked out.

Speaking at the end of a North Atlantic Treaty Organization foreign ministers' meeting in Istanbul, Secretary of State Warren M. Christopher said, "We're proceeding firmly and deliberately to seek sanctions in the United Nations Security Council and I think they can be achieved."

Meanwhile, Robert L. Gallucci, the assistant secretary of state in charge of the administration's working group on Korea, told Congress on Thursday that there was no agreement yet on the terms of a sanctions resolution.

The heart of the problem is North Korea's decision to destroy evidence of its past plutonium production by withdrawing rods from its Yongbyon nuclear reactor.

Washington repeatedly has warned that it would seek economic sanctions if the North Koreans prevented the International Atomic Energy Agency from accounting for its past plutonium production.

But while the administration wants to punish the North Koreans for their refusal to cooperate with the agency, they also want to dissuade Pyongyang from reprocessing the fuel taken out of the reactor and using it to make nuclear bombs.

That means, in effect, that Washington wants to mobilize support for sanctions now while holding out measures in reserve. The emerging U.S. plan is likely to set a deadline for North Korean compliance and impose an initial set of sanctions. Tougher sanctions would be imposed if North Korea continued to press ahead on the nuclear front.

But which sanctions does Washington plan to seek now, and which does it plan to put off until later? If sanctions were imposed, what would the North Koreans have to do to get them lifted?

"For all this talk of sanctions, there are still some important problems that need to be resolved," an administration official said.

Within the administration there has not been a single set of answers. The Pentagon, U.S. officials said, has long been more concerned with limiting the further growth of the North Korean nuclear program than with resolving the mystery of whether Pyongyang diverted a bomb's worth of plutonium in 1989. The Pentagon's approach is to "go low and slow" on sanctions.

The State Department has favored a tougher approach. Mr. Gallucci has recommended two steps: a cutoff of financial transfers from North Koreans living in Japan and a voluntary embargo on arms purchases and deliveries.

Officials who support this approach argue that Washington needs to issue a "wake-up" call to North Korea after a year of on-again, off-again negotiations.

■ Carter to Visit Pyongyang
CNN reported last Thursday that former President Jimmy Carter would soon visit North Korea, with no official U.S. status and at Pyongyang's invitation. He is also scheduled to visit Seoul.



A North Korean soldier at the border village of Panmunjom on watch with binoculars Thursday.

KOREA: Seoul and Tokyo Are Warned on Sanctions

Continued from Page 1

sanctions are inevitable," he added, citing Mr. Hata's comments.

South Korea, meanwhile, said the military situation was growing volatile. Defense Minister Rhee Byoung Tae told lawmakers that South Korea was closely monitoring Northern troop movements, but that so far no unusual military activity had been detected.

He said that troop movements had increased in the past year and that the North's military strength was now at its strongest level since 1990.

In the 15 months since the nuclear

standoff began, North Korea has stockpiled military supplies, expanded underground facilities and deployed artillery and rocket launchers just north of the demilitarized zone, he said.

"With the degree of sanctions, North Korean military movements and response will also slowly increase," Mr. Rhee told a legislative committee.

On Wednesday, North Korea, via its official news agency, accused the South of moving rocket launchers and large-caliber machine guns into the demilitarized zone along the heavily armed border. Seoul denied the allegation.

"The South is bringing dark clouds of a nuclear war over the Korean Peninsula," the North Korean daily newspaper Rodong Sinmun said Thursday in a commentary monitored by the South Korean news agency Naewoe Press. "We are all prepared to repel any military aggression against us."

For its part, the board of governors of the International Atomic Energy Agency, meeting in Vienna, moved to cut off the agency's technical aid to North Korea, an action with more symbolism than substance.

(Reuters, AP, AFP)

FUEL: Why It Is Not So Simple, Simply to Save Money in the Pentagon

Continued from Page 1

eastern and central North Carolina arrived by ship in Morehead City, North Carolina. From there, it was transported by rail to several military locations.

Recently, air bases in the eastern United States changed the type of fuel used on jets. The new fuel is less flammable than the old and easier to transport by pipeline.

Last fall, those familiar with the matter say, planners at the Defense Fuel Supply Center recommended abandoning the ship-rail method. Instead, the fuel would be piped from the Gulf Coast to Selma, North Carolina, then trucked to the air bases. Similar changes had been made without controversy in other parts of the country, with millions in annual savings.

But when Mr. Lancaster got wind of the proposed change in his district, he quickly alerted the Pentagon to his opposition. He said he was worried about the impact of the switch on the rail network in eastern North Carolina, much of which is owned by the state.

Mr. Lancaster and Governor James B. Hunt Jr., a Democrat, told Pentagon officials they feared that without the money earned from the Defense Department fuel-hauling contract, key segments of the rail network would be forced out of business. This, he said, would interfere with the ability of the Marines at Camp Lejeune, North Carolina, to deploy on foreign missions through Morehead City.

Mr. Lancaster acknowledged that there was also the question of jobs. For years, North Carolina has been planning a major economic development project, the Global TransPark, to spur activity at the Morehead City port. Having reliable rail service, he and state officials said, is essential to the project.

Mr. Klugh prohibited the planners at the Defense Fuel Supply Center from carrying out the switch to pipeline, ordering them to undertake a long study to determine if these concerns were valid.

In January, a draft of the study, which Mr. Klugh has not authorized for release, concluded

it was unlikely that the North Carolina network would go out of business, and that at worst the Defense Department could run the railroad itself and still realize savings of nearly \$3 million a year.

As for job losses, the study acknowledged the change probably would kill 38 jobs around Morehead City but would create 30 new jobs around Selma. And, the study said, pipeline distribution is environmentally safer.

Mr. Klugh, following calls from a reporter, last week ordered the Fuel Supply Center to begin studying a new set of questions, including the impact of fuel trucks on North Carolina roads. A spokeswoman for Mr. Klugh said the new study would not be completed until the end of the summer.

Mr. Lancaster is unapologetic about his lobbying. He said his first concern is protecting the Marines' ability to deploy quickly. But he added that there was nothing wrong with a Pentagon budget that looked out for local jobs.

EUROPE: As Voting Begins, Focus in Most Countries Is on National Issues

Continued from Page 1

would emerge as the largest group, with about 230 seats.

Despite the apathy in many countries, the election touches on some momentous issues for Europe's future. The Parliament will approve a new European Commission, the Union's executive body. It will approve the budget, 76 billion Ecu (\$88 billion) next year. It will have a voice in future enlargement of the Union, on a joint political and security policy and on a single currency — all called for in the Treaty on European Union, the so-called Maastricht treaty.

Ireland, which has voted overwhelmingly in favor of European unity in three referendums, remains largely positive about the Union, which it regards as liberating politically and beneficial economically.

It has done extremely well out of farm subsidies and regional aid grants, and it is the job of its European Parliament members to make sure that the country gets its fair share — more than its fair share if possible — of anything that is offered.

"Cynicism and pretty crude clientelism at that," was how Brian Farrell, director-general of the Institute of European Affairs in Dublin, described Ireland's dealings with the Union.

If Ireland milks the Union for economic benefits, this is not out of

line with the vision of the post-World War II founders of a united Europe, who understood that pork-barrel politics was more likely to knit the Continent together than abstract idealism. Aid from the European Union has helped give Ireland one of the fastest-growing economies in Western Europe, even if unemployment remains stubbornly high.

But Ireland is having to think about the abstract issues as well, because in 1996 it will be largely responsible for organizing a major conference to review the Maastricht treaty.

Niall Andrews, who is running for re-election to the Parliament from Dublin, said the Irish have a practical sense of what Europe can give them and a deep cynicism about politics. Nevertheless, he said, if he has intervened frequently in the Parliament on foreign aid, humanitarian questions and human rights, it is not only because he takes an interest in these issues, but also because his electors do. Ireland plays an increasingly active role on the world stage, he said, partly because it feels secure and comfortable with its position in the European Union.

And while its big neighbor, Britain, is engaged in a sterile debate over threats to its sovereignty from increased federalism, Ireland, with only 3.5 million of the EU's combined population of about 320 million, has no such qualms.

Being a member of the European Union enhances rather than diminishes Irish sovereignty, influence and culture, virtually all commentators agree.

"In my view, membership has given us power and influence out of all proportion to our size," said Stephen O'Byrne, who was cam-

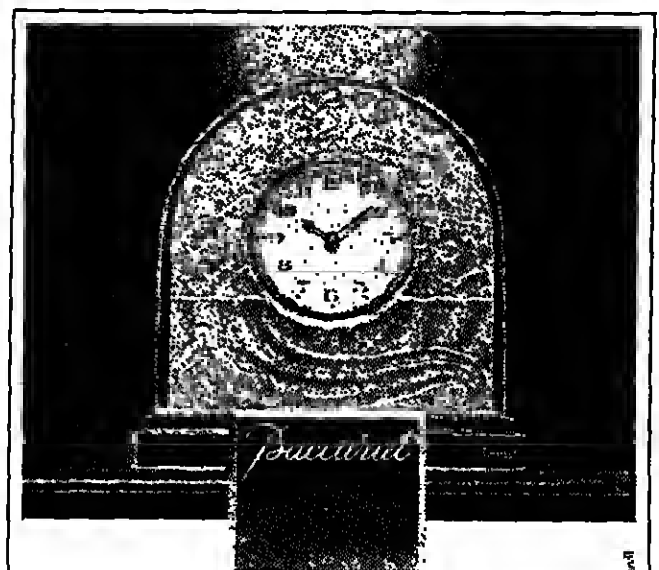
paigning to become a member of the liberal Progressive Democrats. "Pooling our sovereignty has given us greater independence."

In fact, some commentators say that Ireland's experience should be reassuring to Austria, where voters on Sunday will decide in a referendum whether to join the Union. Voters in Finland, Sweden and Norway will decide in referendums later in the year whether to join.

Austria's relationship to its large neighbor, Germany, is similar to Ireland's relationship with Britain before Dublin joined the European

Community in 1973. Then, three-quarters of Irish exports went to Britain, and Ireland was painfully dependent on the larger country's economic ups and downs.

Ireland now ships about one-third of its exports to Britain, and therefore is much less dependent than it used to be. Still, the government is acutely conscious that if Britain sinks, Ireland risks being sucked down with it. Mr. Major's call for a multipoint Europe — in effect a loosening of the Union — has caused profound apprehension here.



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EMBARGO: House Demands Clinton Arm Bosnia

Continued from Page 1

because most Gypsies do not have property that Serbs covet.

"This clearly is an attack on ethnic diversity," he said. The report coincided with a diminishing of the fighting on the southern and northeastern front lines after Bosnia's warring factions agreed Wednesday to a one-month cease-fire. The accord signed by the Bosnian government and Bosnian Serbs takes effect at noon Friday.

Ethnic cleansing, the practice of forcing ethnic groups perceived as hostile to leave their homes, has been practiced by all warring parties in the Bosnian war. But Bosnian Serbs have been identified by UN officials as the chief culprits.

Mr. Kessler said about 50,000 Croats and Muslims remain around Serb-held Banja Luka, an area that formerly had 550,000. People are still being forced to sign

their property over to authorities before leaving.

The Banja Luka area was predominantly Serbian before the war but had large Croat and Muslim minorities. UN relief officials have long complained about terror against non-Serbs in and around Banja Luka, including the maiming and killing of civilians and the destruction of mosques.

"Reports of atrocities continue. Families are being singled out for attacks by thugs," Mr. Kessler said, citing the case of a mechanic who was asked by two armed men to repair their car in late May. He told them to come back next morning, when he was summarily shot to death.

Mr. Kessler said uniformed men are "terrorizing people with impunity." The authorities seem to know about it, but do nothing, terror by Serb soldiers, he said.

"There is no perpetrator arrested," Mr. Kessler said. "It is beyond belief that people carrying out this activity cannot be caught."

In a new twist, non-Serb women are now being forced to cook for Serbian troops and sweep streets, he said. Non-Serb men still are being made to chop wood and dig trenches on dangerous front lines.

"The situation is horrible," said Mr. Kessler, telling of a woman who was raped twice recently in front of family members.

Commander Eric Chaperon, a UN spokesman in Sarajevo, reported a "substantial reduction in activity" along the northern Gradac-Ribnica front line and in the northeast.

But the Bosnian Serbian news agency, SRNA, said two civilians were seriously wounded when shells from Bosnian government army positions hit the center of Doboj.

AUCTION: Fall of Ferruzzi

Continued from Page 1

tened to seven years in prison for falsifying balance sheets and other crimes.

The trial brought to light much of the clandestine dealing that provoked Italy's continuing corruption investigations and made Ferruzzi a metaphor for the corrupt alliance of business and politics.

The story excited the imaginations of Italians, rivaling the soap operas, and its latest act was the desperate attempt of the family to challenge the banks' takeover of the family assets.

Last month, the husband and the brother of the youngest Ferruzzi daughter, Alessandra, began legal proceedings investigating possible bankruptcy fraud that officials of Mediobanca, the leader of the consortium that took over the Ferruzzi assets, knew about: the empire's disastrous financial straits but failed to act, preferring to let the group go under, the easier to seize its assets.

Even as the auction proceeded on Tuesday, Mediobanca's chief executive, Vincenzo Maranghi, was being interrogated for eight hours by the chief prosecutor in Ravenna, the Ferruzzi hometown.

The moves by the Ferruzzi sons-in-law, Carlo Sama, and by Arturo Ferruzzi were a desperate effort to salvage the honor of the family, and its finances, but it also reflected a reading of the changed political situation since the electoral success in March of the new prime minister, Silvio Berlusconi, another rags-to-riches man who, like the Ferruzzi, came to power and influence outside the range of the big Milanese financial circles.

But the legal moves could not prevent the auction, whose proceeds, an estimated \$2 million to \$3 million, will go to reduce the debt of Montedison, the chemicals company that is the centerpiece of the Ferruzzi group. A company executive, wishing anonymity, said it was "a small drop" but had symbolic value to underscore the company's rediscovered fragility.

The family prohibited the auction, unsuccessfully. Massimo Ferruzzi, Arturo's son and a money manager who lives in Paris, said by phone that none of the Ferruzzi would be in Milan, but in Bologna preparing their next legal steps.



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Algeria	00-213-210000	Australia	001-61-6111	Austria	0043-1-4777	Bahrain	00967-2-2222
Angola	00-244-210000	Brunei	0065-4-2222	Belgium	0032-2-2222	Bangladesh	00880-2-2222
Argentina	0054-1-2222	Canada	001-604-2222	Bulgaria	00359-2-2222	Burkina Faso	00229-2-2222
Armenia	00374-2-2222	Chile	0056-2-2222	Czech Republic	0042-2-2222	Burundi	00253-2-2222
Australia	0061-6-2222	China	0086-10-2222	Denmark	0045-33-2222	Cambodia	00855-2-2222
Austria	0043-1-2222	Colombia	0057-1-2222	Finland	00358-9-2222	Cameroon	00237-2-2222
Bahamas	001-242-2222	Costa Rica	00506-2-2222	France	0033-1-2222	Canada	001-604-2222
Bahrain	00967-2-2222	Cuba	0053-7-2222	Germany	0049-30-2222	Cape Verde	00246-2-2222
Bangladesh	00880-2-2222	Cyprus	00357-2-2222	Greece	0030-1-2222	Cayman Islands	00345-2-2222
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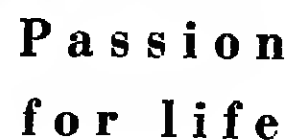
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Herald Tribune

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A Better Way to Help Haiti

Invading Haiti is a bad idea supported by good people. They see that the embargo is unlikely to force the army officers out of power, and they fear that the only alternative to invasion is to leave them there indefinitely. But that does not have to be true.

Invasion, according to its supporters, would be a quick and tidy solution, allowing the American troops to withdraw in a matter of weeks and leave the country to its elected government under the returned president, Jean-Bertrand Aristide. That is an exceedingly optimistic assumption for a country that has no police force separate from its corrupt army, no independent judiciary and no parliamentary experience. It is much more probable that the invasion force would find itself stuck with long-term responsibilities to referee the struggle among the contending factions and protect the democratic politicians from their undemocratic (and well-armed) enemies. Aside from the practical complexities, invasion is wrong in principle. It is the colonial solution, well intended but nevertheless the imposition by armed force of a big country's decisions on a small one.

The Clinton administration seems to be anxious primarily to stave off the prospect of thousands of Haitian refugees heading toward Florida. Its present practice of picking up the refugees at sea and dumping them summarily

back on the Haitian docks is neither legal nor humane. Now the administration plans to send them at least temporarily to ships anchored in Jamaican waters. That would be a substantial improvement, permitting orderly interrogation and an opportunity to sort out those who are genuinely fleeing political persecution.

If only because of the refugees, the United States is not going to be able to ignore Haiti. The Clinton administration will have to stay engaged. But talk of an invasion only diverts energies from the essential political process of building a government that can govern. That process has to begin with President Aristide himself. He is not in a weak position, as some of his supporters fear. He represents constitutional legitimacy, and no government that excludes him will get the respect and help from Haiti's friends abroad — beginning with relief from sanctions — that it desperately needs. He has to work with those of his adversaries who accept the rule of law to isolate the gunmen. Even among the people who are not his friends, there is rising dismay at the anarchy and racketeering that have seized the country. That presents him with an opportunity. But Father Aristide is the president, and he has to take the initiative. American troops can't do that for him.

— THE WASHINGTON POST

The Speaker Should Lead

"Your ideas," Thomas Foley, speaker of the U.S. House of Representatives, tells grass-roots Democrats in a recent fund-raising letter for the Democratic Congressional Campaign Committee, "will help us formulate a list of our legislative priorities." Mr. Foley does not, however, care to hear from the grass roots on one pressing issue. Missing from the "Legislative Agenda Survey" enclosed with his mailing are questions about the cleanup of the Washington influence game that undermines government integrity and that was supposed to be a priority for Mr. Foley and President Bill Clinton.

This absence is consistent with Mr. Foley's pattern of indifference on the issue. The result is that campaign finance reform legislation, which seemed a sure bet in the populist aftermath of Mr. Clinton's election, is now in perilous shape 17 months into the new Democratic administration. It would, of course, be admirable if Mr. Foley seized what little time is left in the crowded legislative session to behave like a leader instead of the leading protector of the status quo. But so far, as we and others feared, he has played out a strategy of delay that might well be successful. It has been a lamentable performance.

Both the House and Senate passed campaign finance bills last year. But negotiations to reconcile them have bogged down mainly because House Democrats resist strengthening changes that are essential for reducing the grip of special-interest money on lawmakers, and for overcoming a Republican-led filibuster in the Senate. The foremost sticking point is the House Democrats' refusal to cut their bills

generous limits on the amount of money a member may accept from a single political action committee, or PAC — \$5,000 in a primary and another \$5,000 in a general election. This is a cynical device aimed at killing reform. Mr. Foley, Richard Gephardt, the House majority leader, and their colleagues know that by sticking with their greedy PAC limits they are likely to lose the support of the seven Senate Republicans whose votes were crucial in ending the filibuster of the original Senate bill.

There are other big problems, too. The House bill, for example, would continue to allow members to maintain their own "leadership PACs" — slush funds that would provide an easy avenue for avoiding any new campaign spending and contribution limits. Astonishingly, House Democrats also shy from ending the abuse of lawmakers converting campaign funds for personal use — a stance that is a shameful embarrassment after the indictment of Dan Rostenkowski.

Unless these matters can be resolved quickly, this rare opportunity to transform American politics will be lost in the end-of-session rush. In his fund-raising letter, Mr. Foley promises that those who return the issues survey with a \$20 contribution will receive a smiling picture of Mr. Foley with President Clinton and a personalized "Certificate of Appreciation."

That smile may reflect the speaker's anticipatory pleasure at having finished meaningful reform — cheating the country but preserving his colleagues' cherished campaign advantages.

— THE NEW YORK TIMES

Beyond the Budget Circus

The so-called A-to-Z bill, a plan to turn the U.S. House of Representatives into a circus tent in which members can do budget tricks for the voters in anticipation of the fall elections, may not be as dead as it ought to be. It seems that the sponsors still have a pretty good chance to get the signatures they need to dislodge and circumvent the normal committee structure and bring the bill to the floor.

All kinds of amendments to cut spending right away or to change the budget process to force or facilitate spending cuts in the future will then be in order. None would be vetoed by the normal committees; that is in a way the whole idea. They would just be brought up in what would likely be a weeklong process on the floor. They could be specific cuts in particular programs, or general cuts in whole categories of programs (entitlement or appropriations caps), or even changes in the ways cuts are measured. No committee's jurisdiction would be immune.

To lock in long-term appropriations cuts, members would have to lower the appropriations ceilings in authorizing legislation. They could be going not only into spending levels but the mechanics of all kinds of programs. About the only thing not allowed would be increases, in anything — not a spending increase, even if more than paid for by an offsetting cut, and not a tax increase, either, even though that might serve no less than a spending cut to reduce the deficit.

Circus would likely be too tame a word for it. You already hear some members who were incautious enough to sign onto the process saying they would hope to be bailed out by the Senate, which they say would have the good sense to let the A-to-Z bill drop. Maybe, but what a way to legislate, and what a weak reed.

The two real budget battles this year are going on in other, less showy contexts. One is the normal appropriations process. Tight caps are forcing the appropriators to make choices that in past years they would have avoided at the deficit's expense. The caps have been a success so far; the other great fight has to do with health care.

Health care costs are the engines currently driving the budget. The health care programs, Medicare and Medicaid, are the ones that mainly need to be contained. The right way to do that — to cut costs rather than merely shift them to the states or private payers — is to impose some credible form of cost containment on the health care sector generally. That is at least half of what health care reform should be about. If Congress votes health-care cost containment, the budget over time becomes the beneficiary. If it does not, the budget again becomes the battleground. The committees now marking up health care bills need to remember that it is not just health care they hold in their hands.

— THE WASHINGTON POST

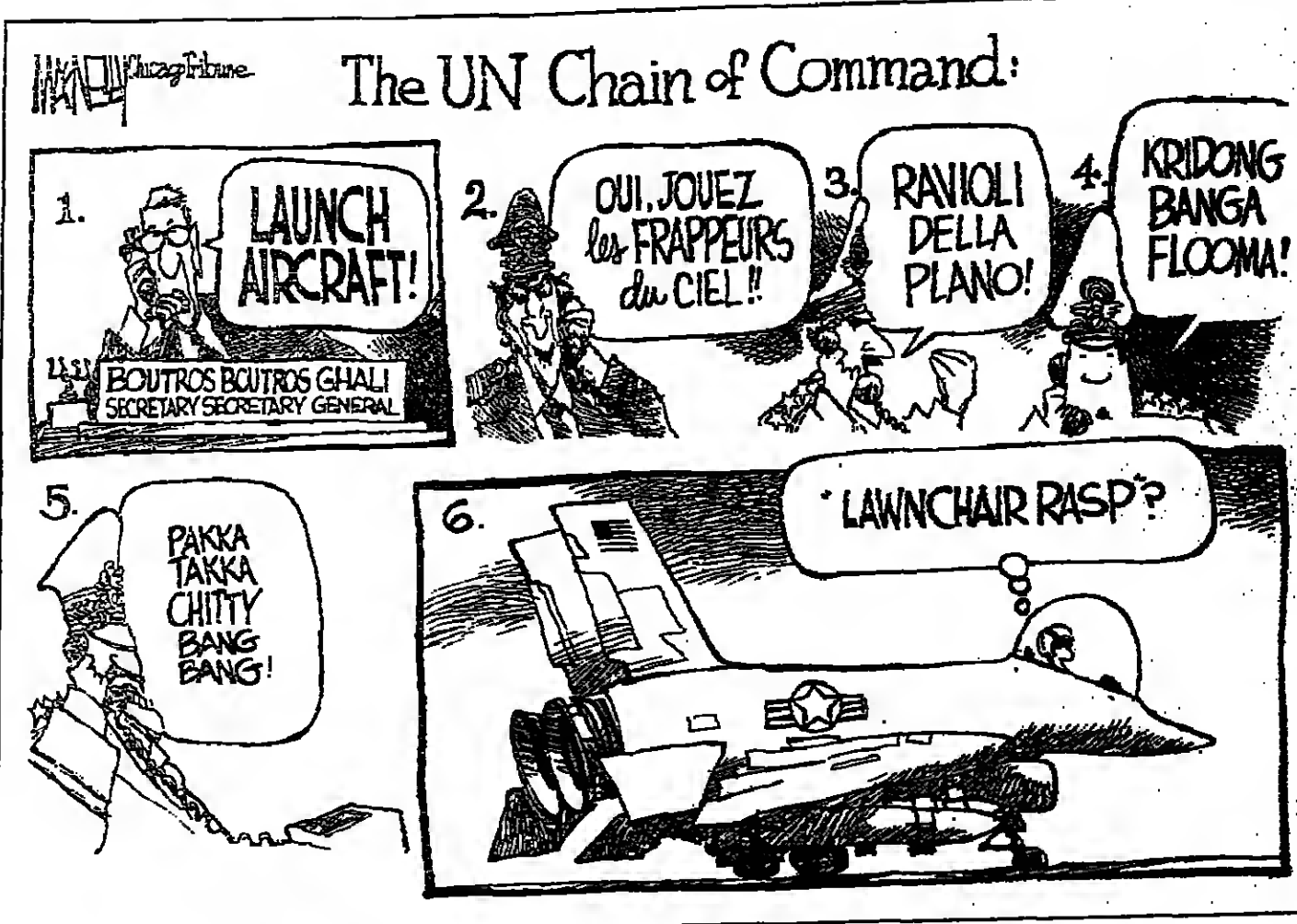
Other Comment

Standing Up to North Korea

President Bill Clinton used D-Day to point to the dangers of nuclear proliferation. He was not being irrelevant. One of the lessons of D-Day is that if you do not stand up to a tyrant at an early stage, the price of doing so later can be very high. North Korea poses a seemingly much smaller but in many ways more awkward challenge than Hitler. If [world leaders] do nothing, North Korea will build its bomb and give the green light to others to follow, thereby

destroying the Nonproliferation Treaty. But if they confront it, they may drive it into a corner and tempt it to react irrationally. Carrots and sticks have been tried, but there is no obvious alternative to looking for a more effective combination of the two. The aim must be to persuade North Korea that it would be better off as a normal member of the international community. As President Clinton has said: "We want them to become a part of our world." The dangerous part is getting them there.

— The Independent (London)



Up in Arms Over Korea

Let Cooler Heads Prevail Be Ready to Make War

By Philip Bowring

HONG KONG — Western politicians and commentators are working themselves into a lather of moralizing over North Korea. They seem to have learned nothing from President Bill Clinton's debate over human rights and China's trade status.

Not content with calls for economic sanctions, they are now proposing a blockade of North Korea and are prepared to risk outright war to bring about an objective that has much to do with their own political agendas and nothing to do with the interests of the other countries in the region.

The alienation of friendly East Asian countries brought about by Mr. Clinton's well-meant but tactless agenda and crude trade tactics against Japan is nothing to the damage that would be done if the president were to lose his cool over Korea.

To hear talk of blockading North Korea when the United States cannot bring itself to get tough with Haiti's rulers may seem almost comic. But perhaps because Korea is so far from Washington, crazy theorizing and displays of virility are too easily substituted for sound policy.

Even the South Korean government has been reluctant at times to keep up with U.S. policy toward Pyongyang, measured though that policy has been up to now. Japan is even more reluctant to "do something," attentive not only to regional security needs but to the fears of its Korean minority — as legitimate a concern as that of black Americans toward U.S. policy on South Africa.

As for China and Russia, they have no great fears of Mr. Kim. They may find him bothersome but they are content to use the nuclear issue for their own diplomatic purposes.

Thus, the four countries closest to Pyongyang's nuclear "threat" are the least concerned, while Western countries leap up and down crying "outrage." The neighbors know that even if Mr. Kim had a bomb, there is little he could do with it beyond threatening to use it if someone attacked.

So long as the South has sufficient conventional defense capability and the U.S. nuclear umbrella covers the region, nothing very dire will happen. That is the essence of deterrence.

which has worked well now for 40 years in Korea, as it has in Europe. Western outrage against Mr. Kim has little to do with the security of Northeast Asia and a lot to do with post-Gulf War delusions that the West, acting through the Security Council, can set itself up as world policeman, deciding who will be allowed nuclear weapons and who will be permitted medium-range missiles.

U.S. policy on many issues relating to Asia is being driven partly by the complacency lobby, for whom stopping the spread of bombs and

Even its neighbors find North Korea more a bother than a threat.

missiles has become a cause in itself, not a means to an end. Thus, to many in Asia, the furor over Pyongyang falls into the same category of arrogant moralizing as American protests over India testing its medium-range Prithvi rocket.

The fact is that access to nuclear technology is growing all the time. Nothing will stop it. The United States did not stop Pakistan, let alone China or Israel. Iraq was only stopped as a consequence of an aggressive folly that Mr. Kim is unlikely to emulate. The only reason any country will renounce nuclear capability altogether is if it feels safe without it.

The Nuclear Nonproliferation Treaty crusade had well-meaning origins. But its advocates have become so obsessed with Mr. Kim that they now look to a blockade justified by the nuclear issue to overthrow him. These people are becoming more dangerous than the ruthless but unsuicidal Kim Il Sung, whose regime has scant chance of outliving him.

Meanwhile, neighbors daily become less concerned about Mr. Kim's possible bomb and more about Bill Clinton's ability to ignore the noise and identify the true regional interests of the United States and its Asian partners.

International Herald Tribune

WASHINGTON — Only the temporary absence of the Soviet Union's representative from the United Nations Security Council in 1950 enabled the United States to counter aggression from North Korea under a UN flag. That diplomatic cover was useful; it was not a case of North Korea against the United States and its ally South Korea, but of an aggressor against the world.

Though the Korean Conflict was never officially called a war, it cost the United States about 150,000 casualties. Because Chinese "volunteers" intervened after General Douglas MacArthur had victory in his grasp, it ended in stalemate.

Now the Chinese are apparently coming to the aid of North Korea again. The qualifier "apparently" is because we do not know what is being said behind silk screens. However, when the Chinese foreign minister declares "sanctions are not a sensible choice," he sends an unmistakable signal to Pyongyang: China will be in its seat at the Security Council to oppose economic pressure. (Ah, the benefits of multilateralism: nation state status; quick, Henry, the linkage.)

What is the Chinese strategy? It cannot be to bring about a nuclear-armed North Korea on its border, which would cause Beijing one day to think again of digging tunnels deep. Nor is it to enable North Korea to become the nuclear arms merchant to terrorist states, diminishing China's strategic importance as a nuclear club member.

China's emerging strategy is to do what the Soviet Union failed to do in the 1950s: get North Korea recognized and limit its confrontation to South Korea and the United States, this time advised by the toothless International Atomic Energy Agency.

That would keep the United Nations — including China — out of any Phase 2 of the Korean Conflict. After North Korea's nuclear facilities had been obliterated, ending that threat, China would be positioned to act as the mediator between its Communist ally and the Americans backing Seoul.

That would explain China's support this week of North Korea's contempt for a Security Council vote on sanctions. Instead China urges the United States, South Korea and the IAEA to negotiate directly with North Korea. Wednesday, the North promised better nuclear behavior — if the United States acceded to its demands.

What is the North's strategy? Anyone who still thinks Kim Il Sung is not trying to become a nuclear power is a fool. He is building atomic weapons to sell them to rich rogue states like Iran and Libya, thereby bolstering his shrinking economy, and to use them in forcing the South into unification on his terms.

What should America's strategy be to stop an outlaw regime from gaining the power to blackmail the world?

Hard-liners in conservative think tanks (joined by doves demanding an invasion of Haiti) call for preemptive concessions. Send a big-name envoy to flatter "Great Leader" Kim, and promise his murderous regime diplomatic respectability, trade, aid and who knows what else if only he will let us look at his nuclear facilities. Known as "the coaxing option," this fits China's plan for United States-North-South talks.

I hope I am wrong, but my hunch is that after much tough posing, the Clinton national security team will

Clinton must be prepared to crush a vaunted million-man army in Asia much as Bush did in the Gulf War.

go for this coaxing, blaming China's veto threat and Japan's unwillingness to sever its hard-currency support of the North Koreans.

A Panmunjom-style negotiation would follow, giving the dictator the time to fit nukes on missiles and place them in the 60 submarines he has just bought from Russia.

A less self-deceptive strategy is proposed by Senator John McCain of Arizona: Prepare for war. Position bombers and tanks and stocks in the area; upgrade South Korean defenses with the latest rocket systems and counter-aircraft radars; deploy more air power, including gunships, to the region. No last-minute Pentagon scramble, contingency targeting should be under way now. If Seoul will mobilize to fight, Japan will suspend economic support, and China and Russia will go along. Mr. Clinton must be prepared to crush a vaunted million-man army in Asia much as his predecessor did in the Gulf War.

If not, America should prepare to defend its cities from nuclear blackmail in its own way.

But President Bill Clinton says: "I don't want any war talk." Does he prefer to surprise the American people? War — conventional sooner or nuclear later — is Topic A. Let's hear from him now, in prime time and sober detail from the Oval Office, about our risk and his resolve.

The New York Times

Russia Uses Its Pipelines For an Edge

By J. Robinson West

WASHINGTON — The Russian Federation is now reasserting itself, pushing back into the neighboring former republics of the Soviet Union, the "near abroad," and it has discovered a seemingly dull but powerful weapon: petroleum pipelines.

When Kazakhstan and Azerbaijan declared their independence, there was great optimism based largely on oil and gas. Azerbaijan is one of the oldest oil-producing regions in the world, but for 75 years, Russia siphoned off these oil riches. Now the Azerbaijanis are seeking Western capital to develop their fields.

In Kazakhstan, huge discoveries were made by the Russians. Since independence, the Kazakhs have also turned to Western companies, hoping for billions of dollars of investment to increase their petroleum production.

Chevron is now committed to developing the giant Tengiz oil field, similar in size to Alaska's Prudhoe Bay. Given the importance of this deal, President Bill Clinton celebrated the signing of an agreement in the White House Rose Garden.

For Western companies, negotiations have been difficult in both countries, particularly in Azerbaijan, due to the lack of legal and tax regimes, corruption and political instability. But progress is being made.

A glance at the map, however, identifies a problem. For Kazakhstan and Azerbaijan to get their oil and gas to market, they must go through Iran, Russia or unstable areas in the Caucasus to reach export terminals in Turkey. The American government, wisely or not, will block any banks or U.S. companies from participating in an Iranian project.

Russia is thus the only realistic cut route, and Russia is squeezing Kazakhstan and Azerbaijan, forcing them into the corridors that still operate these huge fields, although they cannot offer either capital or technology. Large transit fees are being sought, and Moscow is insisting that the oil be loaded at a Russian Black Sea port, probably the stormy and unsuitable harbor of Novorossiysk.

Not only do the Russians want the money from the projects in equity and transshipment fees, they also want power. Control over the oil and gas from its former colonies will give Russia control over the only hard-currency-generating asset of either country, petroleum.

The Russians will be able to use the pipelines to force both nations into line so that they make important political concessions on issues such as weapons and the rights of Russian minorities.

The Russians do not wish the Azerbaijan and Kazakh oil industry well, given the success of these countries, which they regard as inferior, in attracting Western capital. Nor do they welcome competition, particularly in European gas markets.

Until recently, Western observers assumed that once the petroleum reached the Black Sea, its access to markets was ensured. After a spectacular collision in the Bosphorus in March, however, the Turks have increased objections to more tanker traffic, demanding new pipelines across Turkey. Russia is insisting on its rights of passage under the Montreux Convention of 1936. The Turks respond that the convention was signed with the Union of Soviet Socialist Republics, not Russia. Intense controversy can be expected.

The pipeline politics of Central Asia are a high-stakes game. At a minimum, huge investments and potential dividends are at risk. More important, the future of several countries and the stability of the region may hang in the balance.

The industrialized nations and their banks as well as the World Bank and the European Bank for Reconstruction and Development should put pressure on the Russians, using such leverage as export credits to their petroleum sector, to stop this blackmail. Russia should not be allowed to hold hostage yet again those struggling nations that it had commercially plundered and environmentally demolished in the past.

The writer, a former assistant secretary of the Interior, is president of the Petroleum Finance Co., International oil and gas statistics. He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Trouble in Siam

BANGKOK — There is a serious deadlock between the French and the Siamese. The latter refused to produce Phra Yot, the Siamese mandarin accused of killing the French inspector Grosjean, before the tribunal for judgment to-day [June 9], and prepared to prevent the French from seizing the gunboat in which he was conveyed. The French insist that the attitude of the Siamese is menacing. Prince Devawongse has left to consult the King. Preparations are openly made by the French to arrest Phra Yot, and force Siam into admitting the suzerainty of France.

1919: The Censor's Knife

PARIS — Scarcely a newspaper in Paris appears uncensored at present, a fact which is not calculated to allay public anxiety concerning Peace. Some papers protest, but protests are vain; others quote passages from speeches by Ministers — before they

were Ministers — in which freedom of the Press is eloquently and strongly advocated; yet others use sarcasm. "Bonsieur," for instance, replaces articles excised by the Censor by a "cut" of M. Clemenceau reading "L'Homme Libre" — the Free Man — the Premier's own paper.

1944: Allies Take Viterbo

WITH THE 5TH ARMY AT VITERBO, Italy — [From our New York edition:] Viterbo and Tinquia: fell today [June 9] to spearheads of the 5th Army thrusting northward toward Florence and Livorno against very light resistance. At 6 a.m. troops under Lieutenant Colonel John J. Phelan Jr. entered Pope Clement's Gate of the walled city of Viterbo. This town of 30,000 inhabitants, some former residents of popes, the scene of three papal elections and renowned for its fine medieval houses and the twelfth-century cathedral of San Lorenzo, was cruelly damaged by bombs and demolitions.

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OPINION

Just the Standard-Bearer If They Want a Holy War

By Frank Rich

NEW YORK — As Americans fixed their attention this week on the heroic military men who saved the world from fascism, a tin soldier was leading a quiet coup back home.

At a Richmond convention, Oliver North won the Republican nomination for the Senate in Virginia and in that instant gave the radical Christian right its most ominous victory yet in its pursuit of political power nationwide.

To appreciate how scary Mr. North and his movement are, consider this list of those on the right who have tacitly or actively opposed his Senate campaign: Ronald Reagan, The Wall Street Journal editorial page, George Will, Robert Bork and Edwin Meese, Virginia's Republican senator, John Warner, will back an independent candidate, Bob Dole and Gerald Ford are wavering.

Why does Mr. North arouse such antipathy among his conservative confederates? The answer begins — but does not end — with the character issue. Not only is he a convicted liar for his congressional testimony during the Iran-contra hearings, but he is a compulsive liar. Among other self-aggrandizing tall tales, he invented an evening spent with President Reagan watching television in the White House living quarters during the Grenada invasion.

Yet the gravest danger posed by Mr. North has less to do with him than with the radical forces he represents. His convention victory in Virginia was made possible by the legions of fundamentalists who are working tirelessly caucus by caucus, state by state to take control of the Republican Party.

As Richard Berke has reported in The New York Times, the radical right has captured the party apparatus in six states besides Virginia — Texas, Minnesota, Oregon, Iowa, Washington and South Carolina — and is making major inroads in many others, including New York. You don't have to look far to see why Republican leaders are alarmed by this spreading coup. It was the radical right's intolerant version of "family values" that soured the Republican nominating convention in Houston in 1992, greasing the skids for President George Bush's electoral defeat. The more power the movement gets, the more it splinters the party, sabotaging the Republicans' chance to capture the Senate this year or the White House in 1996.

What makes Mr. North's ascendancy inspire panic in his own party is the boost he gives to the insurgents, whether he ever gets to the Senate or not. An enormously telegenic national fund-raiser with a secular, deriding public image, he is a far more salable front man for the radical right's agenda than the likes of Pat Robertson or Jerry Falwell.



For whatever reason, Ollie North, as a young marine, consulted a psychiatrist. Perhaps that is where it all began...

For Democrats, a rising religious right dividing the Republican vote is an electoral dream, presaging a rerun of the Republicans' 1964 Goldwater debacle.

But for anyone of either party who cares about civil liberties, this fundamentalist crusade is a nightmare. Even without winning elections, the radical right can make life punishing at the state level for women seeking abortions, for homosexuals, and for racial and religious minorities.

And there is more to worry about below the surface. In New York, the Anti-Defamation League has just released a book-length study of the religious right, including such prominent cheerleaders for Mr. North as the Virginia-based Christian Coalition. It documents both the movement's anti-Semitic rhetoric and the ferocity of its efforts to enforce its exclusionary orthodoxy on local governments and school systems.

Throughout his Bible-thumping campaign, Oliver North has been short on substance and long on military exhortations, referring to family values as a "battle cry" and even likening his Senate race to the Normandy invasion. For once he is not entirely lying. Whether he wins or loses, Virginia is only an early skirmish in what promises to be a protracted and ugly holy war.

The New York Times

The Second Time Around, The Captain Took a Cab

By Thomas Crampton

PARIS — A French friend of mine, Hugues Dupuy, has a house in Normandy just behind the towering cliffs of Pointe du Hoc, one of the centers of this week's celebration of the D-Day landings a half century ago. His family once had a house overlooking what is now Omaha Beach, but when they returned to it after World War II, not a plank remained.

Hugues, who is 47, wanted to welcome Americans for the D-Day commemoration and told officials at the

Each time Hugues drove him around the countryside, Bob asked to stop so he could photograph the hedges. Nobody back in Nebraska understood what he meant when he described them, he said. It was not unusual in those fields, during the war, to sense that an enemy soldier was only feet away, on the other side of one of the impenetrable hedges.

Bob told us how German soldiers would lob grenades over the hedges and how he would throw them back when the grenades landed near him — "just like quickly tossing a groundnut to first base," he said. Then a grenade blew up as he tried to throw it, shattering his hand and breaking his leg. (He still walks with a slight limp.) Shrapnel cut into his upper body and face.

Two soldiers strapped a rifle to his leg as a splint and waited with him for transport to arrive. While they sat, a German soldier approached holding a grenade, ready to throw it. "He was a handsome young blond-haired boy," said Bob, "might have been 17 or so."

With no weapon at hand, Bob told one of his soldiers to offer the German a cigarette. On seeing the pack of cigarettes, the German threw away the unarmed grenade and put his hands up in surrender. "Cigarettes may kill," Bob joked, "but they sure saved my life."

Finally, by evening, a jeep arrived to take Bob to the field hospital and the German to a POW camp. As they drove back along the road, the jeep hit a land mine. The driver was killed; Bob and the now badly injured German prisoner were hurled into a ditch.

Not until dawn, when a minesweeping crew came by, were the wounded men found. Bob was taken to a field hospital, then airlifted to a hospital north of London, where he spent almost a year recovering from his injuries.

By the time he was flown out of France, Bob had lost 80 men and 4 officers under his command. He had been in Normandy just under two months. He was 25 years old.

Bob's decision to return to France this month evidently came at the last minute. He flew into Paris on June 5, took a \$400 cab ride to Normandy and arrived without a hotel reservation. Perhaps he figured someone in Normandy would look out for him, for all he had done 50 years before. He was right.

At the end of his two-day visit, Bob gave Hugues the Purple Heart he had earned fighting among the hedgerows.

International Herald Tribune

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LETTERS TO THE EDITOR

China, Trade and Rights

Regarding "America's China Policy Is Back on Course" (Opinion, June 8) by Henry A. Kissinger and Cyrus R. Vance.

Alas, Messrs. Kissinger and Vance missed a few essential points. Until his May 26 decision to unlink most-favored-nation status and human rights, President Bill Clinton had some leverage on the Chinese leadership to push them in the direction of improving their despicable record on human rights and democratic reforms. One can certainly not expect a totalitarian leadership to let go overnight, but Beijing must come to the realization that repression equals loss of international face. Continuous pressure is needed in this direction.

Mr. Clinton lost the only leverage he had on May 26, due to the selfish push of big business, only concerned with selling products, not caring whether in doing so they strengthened a repressive, brutal political system.

The victims of the American side are the small companies that will see the markets for their products flooded with cheap Chinese goods. More American jobs will be lost due to this than are gained due to MFN extension.

The victims on the Chinese — and Tibetan — side are the people who have dared to come out for democracy and human rights. The Chinese government will feel free to suppress them at will, and will feel unrestrained by international opinion.

GERRIT van der WEES, Washington.

While Mr. Clinton deserves credit for ultimately making the right decision on most-favored-nation status for China, and praise for discontinuing the import of Chinese-made rifles (which are often converted to assault weapons once in the United States), one would hope that he has now learned what many assumed he knew before becoming president: that democratic values are least served through political rhetoric and best served by a decidedly less media-driven approach to foreign policy.

Former President Richard Nixon said it best just weeks before his death when, reporting on his trip to Russia, he wrote: "The highest art of diplomacy is... to find a way to disagree without damaging profoundly important strategic relationships." No doubt, while many in the United States and China got the MFN

renewal they were hoping for, Chinese-American relations have been damaged.

J. B. EBERLEIN, Vienna.

Regarding "America and China: The Goal Is Human Welfare" (Opinion, May 10) by Robert W. Barnett.

The goal of U.S. foreign policy in China should be democracy. That was its goal in Europe and South Africa, and now that it has succeeded there, it should not desist with China.

JAMES G. KEEHAN, Gort, Ireland.

If the business moguls who exerted so much pressure in the pursuit of their self-interest really believe that upholding MFN status for China will eventually benefit the oppressed in that country, let them imagine what they would ask Mr. Clinton to do if one of their loved ones were imprisoned in a Chinese labor camp.

HASSAN el SAWAR, Cairo.

An Envoy's Obligations

Regarding "U.S. Envoy Rebukes Germans and Kohl on Foreign Issue" (April 16) and "U.S. Disavows Diplomat's Rebuke of Kohl" (April 18).

I applaud Douglas H. Jones, the senior U.S. diplomat in Berlin, for denouncing anti-foreigner sentiments in Germany. As an American who has lived in Berlin for almost three years with my German-born husband, I have experienced countless incidents, large and small, of aggressive unfriendliness on the part of civil servants, shopkeepers, landlords, telephone operators, as well as people in lines at the grocery store and on public transportation. Mr. Jones is correct in underlining the seriousness of this mind-set, as these attitudes have implications beyond the day-to-day discomforts of life in a burgeoning European capital.

I was most discouraged when I read that Mr. Jones had been rebuked by the U.S. Embassy in Bonn, and that the U.S. ambassador apologized to the German government. I understand that senior American diplomats must maintain cordial ties with their host countries. But I believe they also have an obligation to express the sentiments of those whose expatriate voice has no other means of expression in a xenophobic society.

PAMELA JENSEN SEIDEL, Berlin.

A Brawl Upon Takeoff

In response to "Jetliner Crash Kills 160 in China's Worst Air Disaster" (June 7) by China's Worst Air Disaster.

I flew from Beijing to Chongqing the day before the tragic accident at Xian. As is normal in China I was free seating on the aircraft. Following a dispute over a seat, fists started flying between two passengers. The fight continued as the plane taxied down the runway to take off. I was appalled to see a complete lack of intervention by either the cabin crew or the copilot, who witnessed the start of the fray.

Such apathy and lack of training is an indicator of poor management. Such incidents hardly inspire confidence in safety with airlines that continue to allow passengers to roam about the cabin during or prior to takeoffs and landings.

STEWART KENT, London.

Involuntary Exposure

In response to "Danger: Anti-Smokers" (Features, June 3) by Russell Baker.

Nobody is "crusading" against smokers. We nonsmokers are not trying

to rescue smokers from themselves, but to rescue ourselves from the life-threatening effects of involuntary exposure to smoking's noxious fumes and from the immense health-care costs smokers load on the rest of us.

JAMES CLARK, Paris, Greece.

I read with delight Art Buchwald's column "Vive la Cigarette" (Features, May 10) just before lunch at the restaurant non-fumeur Le Jules Verne. There I discovered, with due attribution to the National Rifle Association, that restaurants don't smoke, people do.

LUCILLE BECKER, Paris.

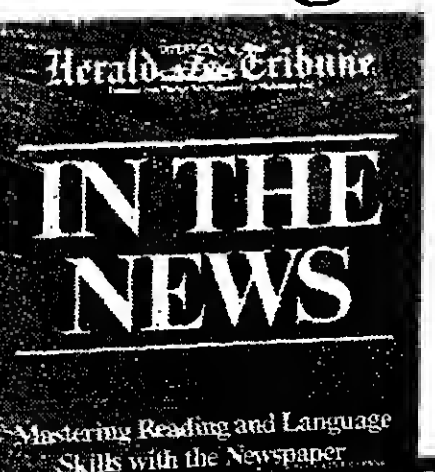
Now Look at Television

Regarding the report "Young American Criminals: A Game, Right?" (May 17):

It took 30 years for tobacco company findings that nicotine is addictive to be disclosed. Will it be another 30 years before America admits that television creates young criminals?

LLOYD WHITNEY, Paris.

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Woodstock 2: A Generation Gap

By Jacques Steinberg
New York Times Staff

NEW YORK — After 25 years, it has come to this: the festival commemorating Woodstock this summer in Saugerties, New York, will be broadcast live on pay-per-view television, just like Wrestlemania II, championship boxing and Howard Stern's New Year's Eve Party.

And that is only one telling difference between the definitive countercultural event of the late 1960s and the attempt by the billion-dollar entertainment company, to rekindle its spirit for another generation.

Like it or not, Woodstock is getting a facelift for the '90s. While the original Woodstock is remembered, at least in popular lore, as a communal mud bath that symbolized peace, love and free expression, this Woodstock is shaping up as a meticulously orchestrated, more commercial affair, with admission arranged by Ticketmaster and hamburgers dispensed by a stadium concessionaire.

Consider that this time around, tickets to the two-day rock-music festival will sell for \$135, which is \$135 more than what most people paid to attend the original.

In addition to two stages that will blare music continuously, this Woodstock — known as Woodstock '94 — will feature an interactive video theme park, where concertgoers will sample the latest advances in virtual reality. As for virtual reality, the use of alcohol and drugs will be prohibited, although how strictly remains to be seen.

"It sounds like they're putting on Las Vegas in upstate New York, for those who can afford it," said Todd Gitlin, author of "The Sixties: Years of Hope, Days of Rage."

And don't expect to see Richie Havens there either. Havens, the folk guitarist whose song "Freedom" mesmerized the first Woodstock, intends to be performing 50 miles away at the original site, Max Yasgur's farm in Bethel, where a more modest gathering is planned. "I have to be where the field is," said Havens, now 53. "What I went to back then has nothing to do with what Michael Lang" — one of the original organizers — "is putting together now."

For the record, Lang and the concert's other promoters say they are not trying to recreate history on Aug. 13 and 14. And if their production sounds slick, they add, that is the reality of staging a festival in 1994 for a projected audience of 250,000 young people.

The organizers contend that the current crop of teenagers and twentysomethings are hungry for a shared experience that could do for them what Woodstock did for many of their parents. And the organizers should know; they have market research gleaned from focus groups.

Why, the promoters reason, can't AIDS, homelessness and the environment galvanize this generation the way theirs was stirred by the Vietnam War, the civil rights movement and a desire to break authority? And what better place for this to happen than at a musical extravaganza set against the rural backdrop of upstate New York?

"This generation has to focus on these concerns," said Lang, who is 49 but retains a youthful thatch of curly brown hair. "To use this opportunity as a vehicle to re-energize the spirit of Woodstock is, I think, what we're all trying to do."

Implicit in Lang's comments, however, is that he is 25 years older this time around, planning a concert not for his peers but for

For starters, consider \$135 tickets, pay-per-view TV and stadium food, not to mention a different cast.

people young enough to be his children. What remains to be seen, since tickets have yet to go on sale, is whether they will hand over \$135 each to spend the weekend with him.

To be sure, there will be similarities between the two festivals. Crosby, Stills and Nash have agreed to be among the 30 or so acts that will play at this Woodstock, just as they did 25 years ago. And Wavy Gravy — a founder of the Hog Farm Commune who helped soothe people at Woodstock who "freaked out" on LSD — will be back too, this time making offbeat announcements over the public address system.

The promoters were unable to reach agreement with Bethel officials to return to Yasgur's Farm. But they feel they have found a comparable substitute in Saugerties: an 840-acre (34-hectare) dairy farm dotted with shagbark hickory trees just off the Governor Thomas E. Dewey Thruway, about 100 miles north of New York City. (In 1994, as in 1969, the town of Woodstock has lent its name but little else.)

Like its predecessor, the new field is in the shadow of the Catskills. And this time, as last, concertgoers will be encouraged to sleep under the stars. The presence of David Crosby notwithstanding, however, this Woodstock will have a decidedly different sound. Although the complete musical lineup is a closely guarded secret, few of the surviving original acts have been invited back, said industry executives who insisted on anonymity.

Instead, the executives said, the concert will be headlined by an eclectic collection of bands that came of age after Woodstock, including Aerosmith, the powerhouses of 1970s rock that remains popular today; the Spin Doctors and Red Hot Chili Peppers, relative newcomers that combine funk and rock; Peter Dinklage, the longtime British solo

artist, and Cypress Hill, a rap group. Jet-setters, apparently, are such Woodstock fixtures as Sha Na Na, Country Joe and the Fish, and Sly and the Family Stone.

Lost in the lore surrounding the first Woodstock is the fact that it was intended to be a money-making venture, a \$3 million production that was to cost each concertgoer \$18 for three days. But the organizers were so unprepared for the crowd that showed up — estimates ranged from 400,000 to 600,000 — that almost all were admitted free.

Stepped in debt, the festival did not turn a profit for its organizers until about 15 years later, Lang said. To make sure that does not happen again, the original promoters, known collectively as Woodstock Ventures, have allied with the entertainment company Polygram, which is providing an estimated \$19.5 million in backing for a concert that will cost about \$30 million to stage.

The promoters hope to recoup those costs through ticket sales (250,000 will be sold, all in advance, by Ticketmaster), pay-per-view (a price of about \$50 per home for the weekend) and, in another sign of the times, licensed Woodstock T-shirts. Like last time, a concert movie and album are planned.

Unlike its predecessor — which was plagued by 20-mile (32-kilometer) traffic jams, insufficient parking and shortages of food and water — this Woodstock is being planned with the precision of a military assault. Even the farm's mosquito population is being measured to determine if preemptive pesticide sprays are needed.

THOSE who abandoned their cars in the road and walked miles to the last Woodstock, take note: Your successors will travel to Woodstock '94 in relative luxury, on 800 shuttle buses leaving from 17 parking lots throughout the Hudson Valley. Once they get to Saugerties, concertgoers will be shepherded by a detail of 900 to 1,300 security guards.

The makeshift food service at the last Woodstock was so overwhelmed by the crowd that some hungry concertgoers plucked vegetables from neighboring farms. Not this time, the promoters say. Hamburgers and hot dogs, as well as vegetarian fare, will be sold through a stadium vendor, Fine Host, at six festival marketplaces.

Will such elaborate planning be rewarded? Daniel Eisenberg, 24, a fan of many of the bands that will be playing at this Woodstock, said he and his friends have already made up their minds. They don't plan to attend, largely because of the \$135 ticket price.

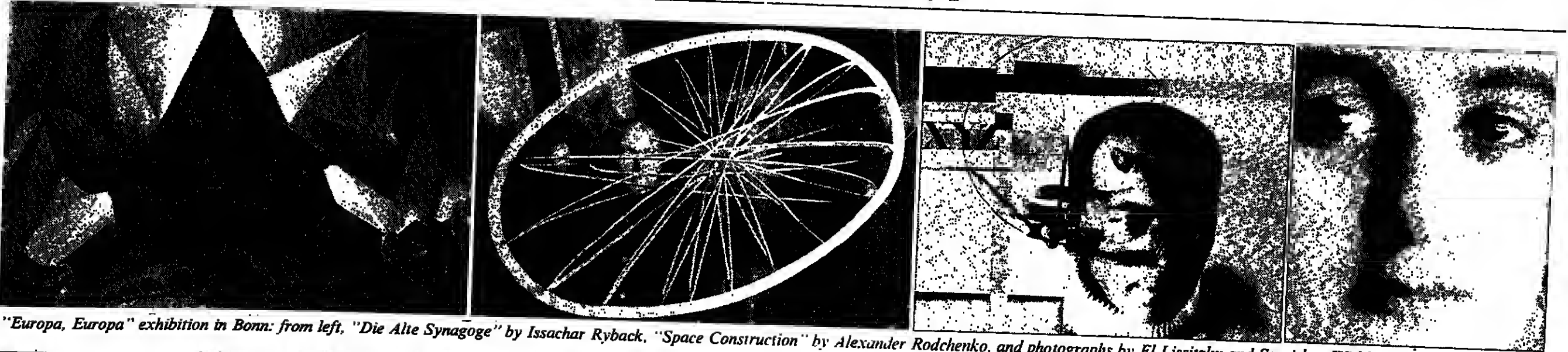
"To couch a two-day rock festival in some sort of ambitious political terms is either naive or just marketing," said Eisenberg, a fact checker at Vanity Fair magazine in Manhattan. "I don't feel like I'm going to stand out on some seminal moment for my generation. I'm more apt to go down to CBGB on the Bowery to hear some music than to trek up to upstate New York."

AT A GLANCE: GOOD TRAVEL DEALS

Carrier/Hotel	Location	Deal
BRITISH AIRWAYS	New York to London	"London Break" package includes round-trip in economy and hotel accommodation with breakfast, taxes and service, for \$499 to \$769 per person for three nights and \$699 to \$949 for six nights, based on double occupancy. All travel must be completed by July 1.
HILTON/CONRAD	Worldwide	Room rates cut by an average 40 percent in "Summer Break '94" promotion. Rooms \$69 a night or less at nearly half of participating Hiltons in the United States. Until Sept. 5. Book by June 30.
HOLIDAY INN	Asia Pacific	"Holidays in Asia Pacific '94" promotion: rates from \$39 to \$99 per person at 17 hotels in Australia, Macao, Malaysia, Nepal, Philippines, Singapore, Taiwan and Thailand. Until Aug. 31.
HOTEL NIKKO	Hong Kong	"Summer Fantasy" package for 1,380 Hong Kong dollars (\$180) (single or double) per night includes 10 percent discount in hotel bars and restaurants; upgrade to harbor-view room if space is available. Until Sept. 15.
HYATT	Taiwan/Hong Kong	Grand Hyatt Taipei offers up to 40 percent off published rates on suites and 30 percent off Regency Club rooms. Until Dec. 31. Grand Hyatt "Summer Splash" package for 1,850 Hong Kong dollars (\$240) includes breakfast, late check-out and complimentary shuttle to shopping and business districts. Until Sept. 15.
INTER-CONTINENTAL	Worldwide	"Summer Spectacular Options" program offers discounts up to 60 percent at 110 hotels in North America, Europe, Latin America, Asia, Africa and Middle East. Plus extras like an adjoining room at half price, food and beverage discounts and double frequent-flyer points at properties in North and South America. Until Sept. 5.
JAPAN AIR LINES	Europe to Asia	Members of JAL Mileage Bank Europe earn triple mileage credits flying any class with JAL. New members get 3,000 bonus mileage credits plus 7,000 mileage credits on their first first-class or business-class round-trip. Until June 30.
MALAYSIA AIRLINES	Malaysia	Recently introduced air passes (from \$94 to \$194) allow travel on five domestic flights, valid 21 days, for passengers flying to or from the country with MAS (excluding Singapore and Brunei).
QANTAS	Britain to Asia	Round-trip fare of £880 (\$1,290) from Heathrow or Manchester to Australia allows stopovers in Bali, Hong Kong, Bangkok and Singapore with eight nights' accommodation in first-class hotels (double occupancy). Until June 30.
QANTAS	Bangkok/Singapore	Qantas Frequent Flier members get 30 percent off rack rate at the Grand Hyatt Erawan, which includes breakfast. Until Sept. 30. Qantas Frequent Flier members can claim a special rate of 250 Singapore dollars (\$160) per night on the Club Floor at The Oriental, includes breakfast. Until Aug. 31.
SABENA	London to Brussels	Skypass provides unlimited business-class travel for one month for £799 (\$1,200), or £599 economy, between Heathrow and Brussels/Antwerp plus London City to Brussels. Includes discounted rates at hotels in Brussels. Extended to Dec. 31.
UNITED AIRLINES/HILTON INTERNATIONAL	Worldwide	Mileage Plus members earn double miles (1,000) with a standard room, triple miles (1,500) with an Executive Flier room, and quadruple miles (2,000) with a suite for every hotel stay. Until Aug. 31.

Although the IHT carefully checks these offers, please be forewarned that some travel agents may be unaware of them, or unable to book them.

THE ARTS GUIDE



"Europa, Europa" exhibition in Bonn: from left, "Die Alte Synagoge" by Issachar Ryback, "Space Construction" by Alexander Rodchenko, and photographs by El Lissitzky and Stanislaw Witkiewicz.

BRITAIN

Edinburgh
National Gallery of Scotland, tel: (31) 556-8921, open daily. To July 10: "Raphael: The Pursuit of Perfection." The genesis of the "Bridgeway Madonna," the "Holy Family with a Palm Tree" and the "Madonna del Pasaggio" is explored through preparatory drawings and technical information.

London
National Gallery, tel: (71) 839-3526, open daily. To Sept. 4: Caspar David Friedrich to Ferdinand Hodder: A Romantic Tradition. 100 paintings and 40 drawings from a private collection of German, Swiss and Austrian art. They include many views of alpine glaciers and waterfalls by Caspar Wolf, Friedrich, Alexander Callens and Hodder. The exhibition will travel to Geneva.

Royal Academy, tel: (71) 494-5015, open daily. To Aug. 14: "228th Royal Academy Summer Exhibition 1994." An exhibition drawing together a wide range of new work by living artists, painters, sculptors, printmakers and architects, some of whom have never exhibited before, show their work alongside that of renowned artists.

CANADA

Montreal
Musée d'Art Contemporain, tel: (514) 847-6222, closed Mondays. To Sept. 25: "Henry Saxe: Works from 1960 to 1983." More than 100 sculptures, paintings and drawings by the Canadian sculptor.

Musée des Beaux-Arts, tel: (514) 285-1800, closed Mondays. To Sept. 4: "Roy Lichtenstein." In honor of Lichtenstein's 70th birthday, a retrospective of 100 canvases, 20 sculptures, as well as preparatory drawings by the American Pop artist.

FRANCE

Paris
American Center, tel: 44-73-77-77, open daily. To Dec. 1: "Bill Viola: Stations." A video installation of five channels of color video projection and sound focuses on images of the human body underwater. Also: Two video sculptures combining the artist's

fascination with the human form and technology which were inspired by "The Death of Maria" by Jean Louis David.

Centre National de la Photographie, tel: 53-76-12-32, closed Tuesdays. To July 31: "Felice Beato et l'Ecole de Yokohama, 1863-1877." The Italian-born photographer spent 15 years in Japan in the second half of the 19th century. At a time when all things Japanese became fashionable in the West, his photographs of geishas, samurai, wrestlers and Buddhist monks were widely published in Europe.

Musée du Louvre, tel: 40-20-51-51, closed Tuesdays. To Sept. 5: "La Réforme des Trois Carrés: Le Dessin à Bologna, 1580-1620." More than 100 drawings by Ludovico Carracci, his two cousins and their pupils, documenting how the Bologna artists developed a new style based on the study of nature.

Musée d'Orsay, tel: 40-49-48-14, closed Tuesdays. To Sept. 11: "Nadar." 50 portraits by the French pioneer in photography, plotting the years 1894 to 1896, includes photographs of Gautier, Baudelaire, Delacroix, Rossini and Napoleon III.

Musée Picasso, tel: 42-71-70-84, closed Tuesdays. To July 17: "Picasso Photographs: Les Années Cubistes 1901-1915." Photographs taken and often developed by the artist, include self-portraits, portraits of Apollinaire, Braque, Marie Laurencin, and views of Picasso's studio, showing paintings at different stages in their execution.

Bonn
Kunst- und Ausstellungshalle, tel: (228) 9171-200, To Oct. 18: "Europa: Das Jahrhundert der Avantgarde in Mittel- und Osteuropa." A multi-disciplinary exhibition of 700 hundred works by 200 painters and sculptors from the former

East German artists such as Brancusi and Chagall and by postwar artists who were isolated from Western cultural trends.

Frankfurt
Schirn Kunsthalle, tel: (69) 28-98-82-11, open daily. To Aug. 7: "Goethe and the Visual Arts." Paintings, drawings, sculptures ranging from classical Greek and Roman to the year of Goethe's death in 1832, including works by Raphael, Rubens, Lorrain, Constable and Turner, document the relationship between Goethe and the creative arts.

Hannover
Sprengel Museum, tel: (511) 168-3875. To Sept. 11: "Die Orle der Kunst: Der Kunstbetrieb als Kunstwerk." Deals with the current situation of the art scene and the interaction between a work of art and the place where it is presented. Paintings, sculptures, photographs and installations by artists such as Jeff Koons and Bertrand Lavier demonstrate that art can be a cultural object, a commodity or an object of speculation.

Munich
Neue Pinakothek, tel: (89) 238-05-119, closed Mondays. To July 24: "Wilhelm Leibl: Gedächtnisbilder zum 150. Geburtstag." Features 91 paintings, mainly portraits, 136 drawings and 19 etchings by the German realist painter, who found inspiration in peasant life. The exhibition will travel to Cologne.

Ulm
Ulmer Museum, tel: (731) 161-43-12, closed Mondays. To Aug. 7: "Oscar Kokoschka: Works on Paper 1906-1924." 70 drawings and watercolors from the artist's early years from private collections in the United States. Mainly portraits and landscapes.

Well am Rhein
Villa Design Museum, tel: (7261) 702-200, To Sept. 25: "African Seats." Seats from sub-Saharan Africa from the simple stool to the pear-shaped throne.

Jerusalem
Israel Museum, tel: (2) 708-811, open daily. To Oct. 27: "Munio Gai Weizmann: Building for a Working Society." The Polish-born and Bauhaus-educated architect adapted European

functionalism to the technology, climate and social needs of the new state of Israel. Exhibited are documents, drawings, plans, models and furniture, spanning four decades of his architectural creativity.

Italy
Florence
Palazzo Medici-Riccardi, tel: (55) 27801, closed Wednesdays. To July 18: "Il Mondo del Samurai." About 80 pieces dating from the 13th to the 19th centuries, including lacquerware, paintings and screens, weapons and prints, and a few complete suits of armor.

Palazzo Fortuny, tel: (41) 5200-995, continuing To June 26: "Ansel Adams and Andy Warhol: Ritratti a Autoritratti dalla Collezione dell'Università del Michigan." 60 European and American portraits dating from 1814 to 1991.

Zittelle Cultural Center, tel: (41) 528-8310, open daily. Continuing To Sept. 11: "China 220 B.C.: The Xian Warriors." Life-size terracotta warriors from the army of 7,000 guarding the tomb of the Emperor Qin Shihuangdi.

JAPAN
Kyoto
National Museum of Modern Art, tel: (75) 761-4111, closed Mondays. Continuing To June 19: "Japanisme in Fashion." Reviews the Japanese influence on Western modes by presenting 160 costumes, dresses and dressing-gowns produced in Japan and worn in Europe from the

17th to the 20th century. The exhibition also features items by contemporary designers such as Hanne Mon and Kenzo Takada.

Netherlands
Amsterdam
Van Gogh Museum, tel: 20-570-52-00, To Oct. 9: "Van Gogh's Self-Portraits from Paris." While van Gogh painted more landscapes than portraits, he had a preference for depicting the human figure. At first he portrayed peasants, but lacking models, started making self-portraits. The exhibition features 18 self-portraits painted in Paris in 1886-1887.

Poland
National Museum, tel: (2) 521-10-31, open daily. To Aug. 31: "Klasyka Wapoleznanosci." Contemporary classics, the theme of the exhibition, represent the Polish artists who have shaped the image of 20th-century art in Poland. Included are works by Tadeusz Brzozowski, Tadeusz Kantor and Maria Jerzema, and by contemporary artists Roman Opalka and many others.

Spain
Madrid
Museo del Prado, tel: (91) 420-28-36, closed Mondays. To July 12: "Los Leoni: Esculturas del Renacimiento italiano al Servicio de la Corona de España." 27 bronze and marble sculptures and 46 medals by the Italian sculptors Leone and Pompeo Leoni, including several busts of Charles V.

SWITZERLAND

Lausanne
Musée de l'Elysée, tel: (21) 617-4821, closed Mondays. To Aug. 28: "Le Dialogue de la Différence." Simone Oppiger exhibits portraits of immigrants in France. Also "Le Contrat Social," photographs by Larry Fink, an American artist.

Lugano
Villa Favart, tel: (81) 51-61-52, open Fridays, Saturdays and Sundays. Continuing To Oct. 30: "Europa and America: 19th and 20th Century Paintings and Watercolors." 150 works from the Thyssen-Bornemisza collection displayed in newly restored rooms.

UNITED STATES
New York
Metropolitan Museum of Art, tel: (212) 570-3791, closed Mondays. To Sept. 4: "Picasso and the Weeping Women: The Years of Marie-Thérèse Walter and Dora Maar." A selection of Picasso's portraits of the 1930s and early '40s. Some were pretexts to the "Weeping Women" series that emerged from "Guernica."

Museum of Modern Art, tel: (212) 708-9400, closed Wednesdays. To Sept. 8: "Masterpieces from the David and Peggy Rockefeller Collection: Manet to Picasso." More than 20 examples of Post-Impressionism, Fauvism and Cubism, ranging from Cézanne's "Still Life with Fruit Dish" to Picasso's "Women with a Guitar."

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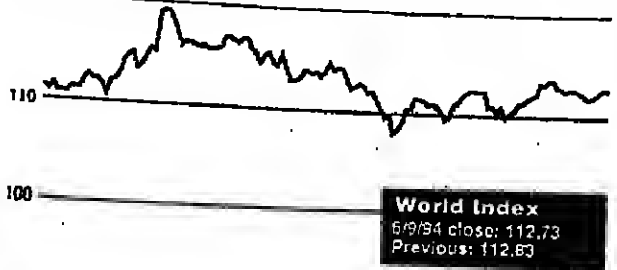
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THE TRIB INDEX: 112.73

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Approx. weighting 37% Close: 111.59 Prev: 112.15

Approx. weighting 26% Close: 93.98 Prev: 93.98

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AFP Decides English Is the Key

By Jacques Neher
International Herald Tribune

PARIS — While France prepares to slap fines of as much as 20,000 francs (\$3,500) on anyone using English unnecessarily in everyday commerce, Agence France-Presse, the government-supported news service, is pinning its future on the language of Shakespeare.

Lionel Fleury, chairman of the news agency that has provided France's view of the world for more than 150 years, explains it this way: "My main objective is to get an increasing share of the world market, and to do that we have to produce in the language most understood. We must increase the quality of our English service."

His stance illustrates the heightened competitive environment facing AFP and other international news agencies. Founded in 1835, AFP today is locked in a three-way battle with Reuters Holdings PLC of Britain and the Associated Press of the United States for the attention of editors around the world.

It also faces growing competition from specialized services such as Bloomberg Business News and Knight-Ridder.

Another major wire service, United Press International, has been basically squeezed out of the global market by competitive pressures.

"We have to produce in the language most understood,"

Lionel Fleury, chairman, Agence France-Presse.

although it was saved from liquidation in 1992 by the Middle East Broadcasting Center.

Mr. Fleury, who was named head of AFP last year, moving up from the No. 2 post, says his long-term strategy for the news agency includes:

- Moving away from public funding,

which could lead to eventual privatization.

- Expanding into Asia with AFP-Extel, the English-language financial-news venture it shares with Pearson PLC's Financial Times Group unit. The plan, which could double AFP-Extel's size — it currently employs 68 people and expects sales this year of \$3.2 million (\$5 million) — will probably be decided by the partners this fall. Officials say the service, launched in 1991, is viewed daily on about 15,000 screens.
- Developing multimedia products, such as CD-ROM disks that could permit users to retrieve the information, photos and graphics produced each day by the agency. The agency is in joint-venture discussions with several publishers.

In the longer term, Mr. Fleury said, AFP is studying the feasibility of launching a general Chinese-language service for China. With more than 2,000 newspapers, China would be a promising market for any Western news agency.

See AFP, Page 16

Lonrho Seeking A Major Mining Stake in Africa

Bloomberg Business News

LONDON — The British conglomerate Lonrho PLC is playing on its African connections to hit the acquisition trail after announcing a 66 percent increase in profit from continuing operations.

Tiny Rowland, joint chief executive, said Thursday the company was examining a major mining acquisition in southern Africa that would make the company's operations "far larger" than its current sales level of \$350 million (\$525 million) a year.

According to Dieter Bock, the company's other joint CEO, Lonrho has "offers from institutional investors to supply the necessary funds."

Earlier in the day, the mining, agriculture, hotel and trading conglomerate said pretax profit from continuing operations for the six months ended March 31 had risen to \$41 million from \$22 million during the like period a year earlier.

Lonrho's year-earlier net income of \$75 million included earnings of \$53 million on discontinued operations.

There was no news from the company about a successor in the chairman, René Leclercq, whose decision to retire was announced this year.

As for the 56-year-old Mr. Rowland, he said: "I have no intention of retiring from business for five or 10 more years. If I decide to leave Lonrho, I may start up another company."

The Lonrho executives declined to elaborate on the proposed mining acquisition, except that Mr. Rowland said the discussions were with a "known name."

Mr. Bock did not rule out forming a venture or merging mining operations with another company. But he said Lonrho intended to maintain its 73 percent stake in the Western Platinum Ltd. mining company. He added that the company was comfortable with its current debt levels — its debt-to-equity ratio is about 25 percent — and said a rights issue or other forms of nondebt funding were being considered.

Mr. Bock said many institutions, particularly in the United States, were becoming more interested in Lonrho as an African and metals company. According to Colin Matthews, the group's chief accountant, U.S. investors now hold almost 20 percent of the company's stock.

Meanwhile, Johnson Matthey PLC, a London-based diversified metals company, said fiscal 1994 pretax profit rose 10 percent, before one-time gains, as its sales advanced 5.5 percent.

Excluding one-time gains and charges from Johnson Matthey's sale of its European jewelry and silver businesses and the formation of Cookson Matthey Ceramics, profit before tax rose to \$77.1 million in the year ended March 31, in line with analysts' forecasts. In the previous year, the company had a \$73.8 million profit.

"This has been a good year for Johnson Matthey, in which all our divisions have earned higher profits," the chairman, David Davies, said. "The new financial year has started well for all our divisions."

Johnson Matthey, which among other things refines and markets precious and rare metals, said it would increase its full-year dividend by 11 percent, to 11.4 pence from 10.3 pence a year earlier.

Low-Inflation Study Attracts Greenspan

By Keith Bradsher
New York Times Service

WASHINGTON — Alan Greenspan, the Federal Reserve chairman, has found another argument to justify his attempts to shove inflation ever lower with repeated increases in short-term interest rates.

Buttressing his argument with a new Federal Reserve study, he contends that the central bank can increase productivity by pushing inflation even lower than the 2.4 percent rate recorded for consumer prices over the year that ended in April.

The reasoning goes that lower inflation forces businesses to become more efficient because they cannot raise prices, and that when businesses are more efficient, economic output and living standards rise.

Mr. Greenspan's fascination with the link is important not only as a defense of past interest-rate increases but also as one of many signals about future policy. The research may help to explain why Mr. Greenspan has gradually become more willing than most Fed officials to raise interest rates this spring, after some initial reluctance.

The study contends that with a reduction of one percentage point in the inflation rate, productivity

and economic growth rates both rise by two-tenths to three-tenths of a percentage point.

But the argument does not impress top government officials or private economists, who are skeptical of the Fed's new claims. They worry that in using higher interest rates to slow the economy and therefore push down an already low inflation rate, the Fed will excessively restrict the economy and needlessly cost the country jobs.

Mr. Greenspan first cited the research in congressional testimony at the end of last month.

"We don't have enough observations to know that it's conclusively the case," he told the Senate Banking Committee, "but I think it's becoming persuasively the case that not only is it — which everyone agrees to — important to bring the inflation rate down from 10 percent to 5 percent, but it's increasingly becoming evident that the lower we get under 5 percent, the more stable and growing the economy is."

Mr. Greenspan has previously indicated a desire to reduce inflation to 1 or 2 percent, as measured by the Consumer Price Index.

The productivity research is the latest of many justifications that the central bank has offered over the years for raising interest rates. In effect, the central bank is arguing that short-term economic pain may be necessary for long-term economic gain.

The new study found that low inflation had gone hand in hand with high productivity over the last 40 years in the United States. The same correlation was found over similar periods in Britain, Canada, France, Germany, Italy and, to a lesser extent, Japan.

The study also used a much-debated statistical device to make the case that it was low inflation that raised productivity, rather than high productivity causing low inflation. Finally, the study's authors —

Prices and Productivity

Statistics for the years since 1954 suggest a link between inflation and productivity. A new Federal Reserve study contends that low inflation causes faster productivity gains rather than vice versa.

For this analysis, inflation means the annual change in prices charged by businesses to each other and consumers, a less volatile measure than the Consumer Price Index.

Years with low inflation tend to have high average productivity gains.

When inflation increases, productivity gains usually slow down.

Years when inflation was higher than the year before, productivity gains slowed.

When inflation was lower than the year before, productivity gains sped up.

Average change in productivity

Least than 2% +0.13%

2% to 4% +0.32%

4% to 6% +0.79%

More than 6% +0.84%

All figures are for the nonfarm business sector and are measured from fourth quarter to fourth quarter. Inflation is the rate of change in business prices; productivity gains are the rate of change of output per hour.

Source: New York Times analysis of Federal Reserve figures

Mandela Has Doubts About Privatization

Compiled by Our Staff From Dispatches

CAPE TOWN — President Nelson Mandela said Thursday he was "not enthusiastic" about privatization and said certain sectors of the economy would never be privatized.

"Privatization is a form of maintaining apartheid because blacks do not have the money to take advantage of such schemes," he told delegates at the World Economic Forum summit here.

Mr. Mandela said certain sectors would never be privatized, including health care, airports and transportation, as it would "not be in the interests of the masses of the people."

"I am not enthusiastic about privatization," he said, adding that "until we had democracy, our resources were monopolized by a tiny minority, the whites. Now they want the privatization of the resources of the country and only those people who have capital will be able to take advantage of this."

Asked how he would be able to fund his government's Reconstruction and Development Plan, he said 2.5 billion rand (\$690 million) had already been raised through savings and "distortions would be eliminated."

"For example, he said, "in the last budget, 10 billion rand was spent on buying tanks, guns and ammunition. We are under no threat, all our neighbors are peaceful and understand the importance of political and economic stability."

"There is no reason to spend 10 billion rand on arms and tanks and only 2 billion on housing,"

WALL STREET WATCH

Why Brokers Share the Pain

By Susan Antilla
New York Times Service

NEW YORK — Wall Street executives were looking it to the arrival of Santa Claus in the securities markets. For the second time this spring, a U.S. brokerage firm decided to inject millions of its own dollars into a mutual fund to rebuild investor confidence.

Paine Webber Group Inc. said Wednesday it would put \$33 million into its popular Short-Term U.S. Government Income Fund, which has attracted \$1.7 billion from investors since it was started in 1990. The fund has suffered as a result of losses this spring in instruments based on home mortgages.

In part as a reaction to a class-action lawsuit, the brokerage firm will partly cover the losses in its mutual fund and will pay the lawyers who represented the investors who sued.

The financial community was asking whether a socialistic principle had invaded Wall Street. But that may miss the point. It may be that in the wake of the sharp decline in the bond and stock markets this year, there is a fear among money managers of a loss of investor confidence.

Arthur Levitt Jr., chairman of the Securities and Exchange Commission, said he was generally pleased by Paine Webber's action, noting that investors had been shocked to learn that some funds with the soothing word "government" in their titles were not as secure as they sounded.

But he conceded that the movement to repair the damage of markets that go bad could backfire. "I don't think it's gone too far yet," he said. "But if the notion were to prevail that it is in the interest of fund managers to subsidize the performance of all funds, that would be very disturbing to the market."

Paine Webber's generosity is troubling to believers in a market economy in which investors enjoy the gains and tolerate the pain of a market's ups and downs.

Consumer advocates, however, applauded the recent moves in which investors were assisted after having been given the wrong impression about the potential risks of an investment.

Earlier this spring, Piper Jaffray Cos., operator of a Minneapolis-based brokerage firm, made the first move to shore up investor confidence in a mutual fund. It said it would invest at least \$10 million in its Institutional Government Income Portfolio Fund, which had dropped more than \$3 a share from a January peak of \$11.62.

Mutual funds will feel increasing pressure to pony up some extra cash when losses occur, said Arthur Abbey, a New York lawyer who represented a group of investors against Paine Webber. "I think it would be very hard now for a firm that experiences the same thing to take a position different to Paine Webber and every firm has one of these things," he said, referring to the short-term government-bond category of mutual fund.

Paine Webber's was not a simple case of investors taking a hit because a market had gone haywire. The fund's prospectus said that it retained the right to trade in mortgage-backed securities. But the prospectus also said that it had no immediate plans to exercise that right.

A Paine Webber spokesman said that while its portfolio manager probably had not violated the letter of the law, the firm had decided to bail investors out because, "We chose to take the high road and say, 'Look, we're not hanging our hats on any legacies.'"

Several U.S. government-sponsored agencies pool mortgages and create bond-like securities from them, and brokerage houses subsequently use these instruments to create more exotic investments, which could be considered part of the government bond market. It was these illiquid instruments that caused the fund's problems.

Losses Loom Big in German Scandal

Compiled by Our Staff From Dispatches

FRANKFURT — The risk of another German bankruptcy grew on Thursday as a dispute erupted over plans to bail out a major financing firm that had been plunged into crisis by alleged fraud.

Procedo, Germany's top factoring company, has been pushed to the brink of insolvency after the arrest this week of the entire board of its largest client, Balsam AG.

This latest financial scandal comes on the heels of the collapse in April of the property group of fugitive businessman Jürgen Schneider, suspected of fraud after leaving his firm to file for bankruptcy with 5 billion Deutsche marks (\$3 billion) of bank debt.

Procedo, owned by the large German insurers Allgemeine Kreditversicherung, owes creditor banks about 1.5 billion DM, company sources said. They said incoming payments should, however, reduce this sum to 1.1 billion DM.

Early Thursday morning, Procedo creditors rejected an initial proposal to rescue the factoring firm after a meeting that lasted many hours.

An options-trading scheme at Balsam may end up costing German's leading banks 500 million DM in addition to the nearly 2 billion DM in credit losses they face, currency specialists with knowledge of the situation said Thursday.

"Balsam was a client of every major bank that has an options desk," said a currency options specialist at a Munich bank.

Balsam's excursions in the foreign-currency market started in the late 1980s and early 1990s, when it swapped marks for dollars to obtain cheaper financing in the U.S. currency. German interest rates were rising as the Bundesbank moved to stem inflation risks posed by German unification, while U.S. Reserve sought to stimulate the economy.

Factoring companies like Procedo advance cash in clients. In return for a commission, they take over the job of collecting bills owed to their customers and finance their own activities with bank credits.

In longstanding business relationships, such as Balsam and Procedo, the factoring firm may allow the client to retain the job of collecting hidden factoring.

Procedo sources said Balsam carried out the alleged fraud by misinforming it about the value of the orders and by presenting falsified U.S. accountants' certificates that inflated amounts had been paid to it in the United States.

Procedo's creditors had been asked by the AKV chairman, Hubert Beuter, to forgive 100 percent of the loans they had extended to Procedo in exchange for a promissory note.

According to one banking source, the banks had expected AKV to play a bigger role in the bailout. The banking source added

CURRENCY & INTEREST RATES

Cross Rates									
	£	DM	FF	Lira	¥	S. Afr.	₹	₪	₦
Amsterdam	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
Berlin	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
London	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
Madrid	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
Munich	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
Paris	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
Rome	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
Switzerland	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
Tokyo	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
Zurich	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 Euro	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 DM	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 FF	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 Lira	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 ¥	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 S. Afr.	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 ₹	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 ₪	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235
1 ₦	1.675	1.235	1.235	1.235	1.235	1.235	1.235	1.235	1.235

Eurocurrency Deposits									
	Dollar	D-Mark	Swiss	French	Yen	ECU			
1 month	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2			
3 months	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2			
6 months	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2			
1 year	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2	4 1/4-4 1/2			

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MARKET DIARY

Wall Street Gets A Chill From Pepsi

Compiled by Our Staff From Dispatches
NEW YORK — Stock prices closed mixed Thursday as a slump in beverage stocks, sparked by a profit warning from PepsiCo, was offset by gains in drug stocks.

The Dow Jones industrial average fell as much as 8.93 points

before recovering to close at 3,753.14, a slight 3.69 points higher than on Wednesday.

About seven shares gained for every six that fell on the New York Stock Exchange, where 252.9 million shares were traded, down slightly from 256 million Wednesday.

Dealers said the market was also unnerved by the prospect of U.S. producer price data on Friday.

If the data are much higher than expected, they could be taken as a signal of renewed inflation and that could "wallpaper stocks and bonds," said Steven Goldman, chief market strategist at Weeden & Co.

The bond market, a focus of market bears for some time, was nearly steady Thursday, with the yield on the benchmark 30-year Treasury bond holding at 7.26 percent.

Shares of PepsiCo, the world's second-largest soft drink maker, slumped 3 to 3 1/2 after the compa-

ny said second-quarter earnings would be "about even" with those posted a year earlier of 53 cents a share. Before the announcement, many analysts had expected PepsiCo to earn about 62 cents a share in the second quarter.

Pepsi's profit outlook heightened concern that U.S. corporate earnings in the second half as well as in 1995 might fall short of expectations as the Federal Reserve's policy of raising interest rates to slow the economy and inflation takes hold.

"It's clear that there will be increased questioning of corporate profitability," said Doug Kass, director of institutional equities at J.W. Charles Securities. With PepsiCo's announcement, "there's no area, no sector of the market that's sacred."

Pharmaceutical shares, however, rallied after a securities firm raised its ratings on five drug stocks.

Merck rose 1 to 3 1/2. Eli Lilly climbed 2 to 57. Pfizer dropped 1 1/2 to 63, and Schering-Plough rose 1/2 to 65 1/2.

The Nasdaq Composite index continued to soften, falling to 728.87, adding a loss of nearly a point to its drop of 9.50 on Wednesday. Intel dropped 1/2 to 59 and Novell eased 1/4 to 16 1/2.

(Bloomberg AP)

Korea Ignites Dollar, But Japan Cools It Off

NEW YORK — The dollar was mostly unchanged against other major currencies Thursday, giving up early gains amid lingering concern that the United States and Japan were making little progress in trade negotiations.

Many traders bought dollars in the morning amid speculation that

Foreign Exchange

the U.S. State Department planned to pull nonessential personnel out of South Korea in anticipation of a possible North Korean attack. The dollar gave up its gains after the U.S. denied having such plans.

"The dollar rose on rumor and innuendo about North Korea today, so it's not surprising that it retreated," said Kevin Lawrie, foreign exchange manager at Mellon Bank in Pittsburgh.

International strife often boosts the dollar as investors seek a haven for their assets. The U.S. currency rose to a two-month high against the yen last week after Washington called for UN sanctions against North Korea for refusing to com-

ply with the nuclear nonproliferation treaty.

The dollar closed at 103.950 yen, little changed from 103.950 on Wednesday. It rose as high as 104.50 before concern about North Korea faded.

The U.S. currency slipped to 1.6672 Deutsche marks from 1.6684 DM on Wednesday. "The dollar couldn't make any progress after the Korean speculation faded," said Sudhir Patel, foreign-exchange manager at NationsBank of Texas in Houston. That's because "trade negotiations with Japan are getting sour."

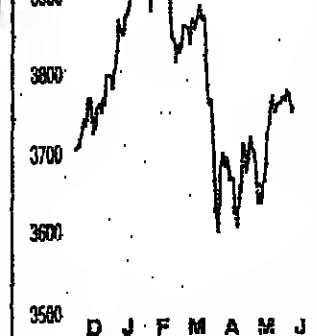
The dollar fell against the yen Tuesday and Wednesday after U.S. officials said they would use trade laws to pry open Japanese markets if current trade negotiations fail.

"It's going to be a struggle for the dollar to rally" without progress on trade, said Steve Geovannis, managing director of foreign exchange at Merrill Lynch & Co. "Japan's trade surplus with the U.S. isn't going to go away."

The surplus means Japanese exporters must sell dollars for yen when they bring profits home.

The Dow

Daily closings of the Dow Jones Industrial average



1993 1994

NYSE Most Actives

Vol.	High	Low	Last	Chg.
IBM	209.25	207.75	208.12	-1.12
Microsoft	215.12	213.12	214.12	-1.00
Oracle	208.12	206.12	207.12	-1.00
Novell	208.12	206.12	207.12	-1.00
Intel	208.12	206.12	207.12	-1.00
Apple	208.12	206.12	207.12	-1.00
Compaq	208.12	206.12	207.12	-1.00
HP	208.12	206.12	207.12	-1.00
Motorola	208.12	206.12	207.12	-1.00
Rockwell	208.12	206.12	207.12	-1.00

NASDAQ Most Actives

Vol.	High	Low	Last	Chg.
Intel	208.12	206.12	207.12	-1.00
Microsoft	215.12	213.12	214.12	-1.00
Oracle	208.12	206.12	207.12	-1.00
Novell	208.12	206.12	207.12	-1.00
IBM	209.25	207.75	208.12	-1.12
Apple	208.12	206.12	207.12	-1.00
Compaq	208.12	206.12	207.12	-1.00
HP	208.12	206.12	207.12	-1.00
Motorola	208.12	206.12	207.12	-1.00
Rockwell	208.12	206.12	207.12	-1.00

AMEX Most Actives

Vol.	High	Low	Last	Chg.
IBM	209.25	207.75	208.12	-1.12
Microsoft	215.12	213.12	214.12	-1.00
Oracle	208.12	206.12	207.12	-1.00
Novell	208.12	206.12	207.12	-1.00
Intel	208.12	206.12	207.12	-1.00
Apple	208.12	206.12	207.12	-1.00
Compaq	208.12	206.12	207.12	-1.00
HP	208.12	206.12	207.12	-1.00
Motorola	208.12	206.12	207.12	-1.00
Rockwell	208.12	206.12	207.12	-1.00

Market Sales

NYSE	Vol.	High	Low	Last	Chg.
NYSE	208.12	206.12	207.12	207.12	-1.00
NYSE	208.12	206.12	207.12	207.12	-1.00
NYSE	208.12	206.12	207.12	207.12	-1.00
NYSE	208.12	206.12	207.12	207.12	-1.00

GREENSPAN: Lured by Study Linking Low Inflation to Productivity

Continued from Page 13

two Federal Reserve economists, Glenn D. Rudebusch and David W. Wilcox — attempted to adjust for the booms and busts in the business cycle, although they acknowledged that their success could be questioned.

Instead of consumer prices, the new Federal Reserve study uses a different measure of inflation — prices charged by businesses for all goods — that produces slightly

lower numbers and offers a broader comparison to business productivity. The study excluded prices and productivity on farms and in government agencies.

Barry P. Bosworth, the head of President Bill Clinton's Council of Economic Advisors, disagreed.

She said in an interview that while extreme, high levels of inflation might have hurt productivity elsewhere, inflation in the United States had never been high enough to have a demonstrable effect on

productivity, even in the late 1970s.

Barry P. Bosworth, an economist at the Brookings Institution, said research had failed to document any clear link to productivity for inflation rates below 10 percent.

He suggested that in arguing for the existence of a link at much lower levels, Mr. Greenspan might be looking for a politically palatable explanation for the central bank's interest-rate increases this year.

But Stanley Fischer, an economist professor at the Massachusetts

Institute of Technology who is soon to become the deputy managing director of the International Monetary Fund, said his research in the last two years suggested Mr. Greenspan might be right.

Susan M. Phillips, one of five sitting Fed governors, said that when inflation was low, businesses were more willing to judge long-term investments on their merits and tended to make more efficient decisions, adding to productivity.

Dow Jones Averages

Open	High	Low	Last	Chg.
Index	3753.14	3753.14	3753.14	-8.93
Indust.	103.950	103.950	103.950	-0.00
Transp.	103.950	103.950	103.950	-0.00
Comp.	103.950	103.950	103.950	-0.00

Standard & Poor's Indexes

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

NYSE Indexes

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

NASDAQ Indexes

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

AMEX Stock Index

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

Dow Jones Bond Averages

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

NYSE Diary

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

AMEX Diary

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

NASDAQ Diary

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

Spot Commodities

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

EUROPEAN FUTURES

Open	High	Low	Last	Chg.
Index	3753.14	3753.14	3753.14	-8.93
Indust.	103.950	103.950	103.950	-0.00
Transp.	103.950	103.950	103.950	-0.00
Comp.	103.950	103.950	103.950	-0.00

Metals

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

Industrials

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

Stock Indexes

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

Dividends

High	Low	Close	Chg.
Indust.	208.12	207.12	-1.00
Transp.	208.12	206.12	-1.00
Comp.	208.12	206.12	-1.00
NYSE	208.12	206.12	-1.00
SP 500	208.12	206.12	-1.00

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WORLD STOCK MARKETS

Agence France Presse June 9

Amsterdam

Vol.	High	Low	Last	Chg.
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02

Brussels

Vol.	High	Low	Last	Chg.
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02

Frankfurt

Vol.	High	Low	Last	Chg.
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02

London

Vol.	High	Low	Last	Chg.
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02
ABN AMRO	11.48	11.42	11.45	-0.02

Paris

Kreßbank	6760	6780
Petrolina	10575	10725
Powerfin	1125	1150
Royal Barge	5100	5150
Soa Gen Bonsue	8290	8300
Soa Gen Belgique	2295	2345
Sohma	15100	15200
Solvay	15100	15300
Tractebel	9950	10020
UCB	24475	24500
UBA	10000	10050

AECI	25	26
Alcan	120	120
Anteo	231	228.50
Barrova	36.75	35.50
Hydro	8.85	8.85
Bufile	46	47.50

BBV	Soa Central Hiss.
Banco Santander	
CEPSA	
Orascom	
Endesa	

Pay Cut at Top for Saatchi

A Chairman Links His Income to Performance

Bloomberg Business News
LONDON — Saatchi & Saatchi NPLC said its chairman, Maurice Saatchi, had agreed to take a pay cut of £425,000 (\$641,000) and said profit-sharing members would run for office-elect every year.

The Saatchi, which built itself into the world's largest advertising company through leveraged acquisitions in the 1970s and 1980s, only to stumble when recession gripped the media industry, said it was 3.75 making the move "to reflect the fact that the improvement of the company's performance now depends not on financial engineering but on the reversal of fortunes and growth of the operating companies."

Maurice Saatchi, who co-founded the company with his brother Charles, said he would link his salary more closely to company performance.

Generally, board members only put their positions up for a shareholders' vote when their contracts come up for renewal, about every three to five years.

The importance of Thursday's

announcements came in part from their indication that Maurice Saatchi and the chief executive officer, Charles Scott, had healed a rift that was threatening the company's stability. Mr. Saatchi was said to be investigating a buyout of one of the company's advertising networks.

Mr. Scott said profit in 1994 was

Pilkington Says Profit More Than Doubled

Reuters
LONDON — The glassmaker Pilkington PLC on Thursday reported more than doubled earnings for the year to the end of March, but the company warned that it could be some time before it returned to profit levels of the pre-recession era.

A one-time gain on the sale of its Sola lens business last year lifted pretax profit to £98 million (\$148 million) from £41 million a year earlier. Even without the Sola gain, earnings rose 57 percent to £72 million, at the top end of forecasts.

Attack on Accountant Tied to Polly Peck Case

Reuters
LONDON — The accounting firm Coopers & Lybrand said Thursday it believed an attack and death threat in Istanbul against one of its partners was linked to a battle over the assets of the collapsed Polly Peck empire of the fugitive businessman Asil Nadir.

Two Turkish men jumped Chris Howell, a Coopers partner, on Tuesday night outside his apartment and beat him up but took no valuables, then fled in a taxi, a Coopers spokesman said.

She said Mr. Howell, 36, was taken to a hospital to have 12 stitches for head wounds, then got a death threat at his office Wednesday morning from an unidentified caller.

Mr. Howell was attacked the night before a Turkish court hearing addressed criminal charges that had been filed on March 31 against the administrators of Polly Peck by a public prosecutor after complaints made by Mr. Nadir.

"We don't think it's a coincidence, his getting assaulted was on the eve of this court hearing," the spokeswoman said.

Mr. Howell, a London-based accountant sent to Istanbul eight months ago by Coopers to work on the Polly Peck affair, is now getting police protection.

Polly Peck, a London-based conglomerate whose interests included fruit, electronics and other businesses in Britain, northern Cyprus and Turkey, collapsed in 1990.

Mr. Nadir faced charges of theft and false accounting in London after that, but fled in May 1993 to his native northern Cyprus, which has no extradition treaty with Britain.

The charges filed March 31 in Istanbul named three accountants from London.

AG Group and Amey Take Fortis Names

Compiled by Our Staff From Despatches
BRUSSELS — Stockholders of AG Group and NV Amey have agreed to change the companies' names to Fortis AG and Fortis Amey, the Dutch-Belgian insurer Fortis said Thursday.

Maurice Lippens, Fortis's joint chairman and the chairman of AG, said the aim was to identify Fortis more closely with its constituent companies.

Fortis houses the combined banking and insurance operations of the Dutch holding company Amey and Belgium's AG.

Fortis also reported that net profit in the first quarter of 1994 rose 29 percent from a year earlier as revenue gained 62 percent. Results were buoyed by acquisitions, a capital injection and improvements in all operating sectors.

Fortis said profit was 109.7 million European currency units (\$127 million) in the period, compared with \$5.1 million ECUs in the like period of 1993. It said revenue from all business lines jumped to 4.16 billion ECUs from 2.56 billion ECUs a year earlier.

"The sharp increase in results is attributable to successful operations in virtually every Fortis company," the group said, adding that the first-time inclusion of results of the Belgian banking and insurance group ASLK-COGER, in which the group owns a 49.9 percent stake, in the latest quarter had a strong impact on revenue and earnings.

Fortis said it recorded 2.5 billion Belgian francs (\$73 million) in capital gain on the sale of its stake in the French insurer Assurhel-Vie to the French insurance group AGF. The statement also said the 1994 earnings forecast took the capital gain into account.

Fortis AG and Fortis Amey each hold a 50 percent stake in Fortis. Operating companies AG 1924 in Belgium and Amey Nederland in the Netherlands will continue to offer their services under their existing trade names, Fortis said.

Media Aim Charges at Two Firms In France

Bloomberg Business News
PARIS — Shares in France's two top water-distribution companies, Compagnie Générale des Eaux SA and Lyonnaise des Eaux-Dumez SA, fell more than 3 percent Thursday amid news reports, strongly denied by both companies, that they may have been involved in corruption.

Lyonnaise shares fell 3.5 percent to 532 francs (\$94), extending a drop of 2.3 percent recorded Wednesday. Générale des Eaux shares fell 3.4 percent, to 2,265 francs, bringing their decline of the past three days to 6.6 percent.

The drop in the stocks followed publication of "The Black Book of Corruption," an expose by a French judge, Thierry Jean-Pierre, who is running for election to the European Parliament.

While his book does not name specific companies, it does refer to two large companies he says were involved in political corruption.

On Thursday, the weekly magazine L'Evenement du Jeudi, citing the book, published a 10-page feature on Générale des Eaux with the headline "Enquiry Into the Labyrinthine Empire of Générale des Eaux." The story also referred to Lyonnaise des Eaux. The article summarized the companies' complex relations with local government officials across France.

Among other things, it suggested the water companies provided gifts and other free travel to some officials and their families.

Lyonnaise des Eaux Chairman Jerome Monod also strongly denied the reports at a shareholders' meeting Thursday.

Budget Chief Talks Tough
France will meet its target of holding its budget deficit to 301 billion francs, Budget Minister Nicolas Sarkozy said Thursday, according to an Agence France-Press dispatch.

The minister told the finance commission of the National Assembly that the target "will be strictly respected and no one should doubt it." He said deficit control was "absolutely vital" for France's economic recovery.

Investor's Europe			
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40	
2400	2500	2600	
2300	2400	2500	
2200	2300	2400	
2100	2200	2300	
2000	2100	2200	
1900	2000	2100	
1800	1900	2000	
1700	1800	1900	
1600	1700	1800	
1500	1600	1700	
1400	1500	1600	
1300	1400	1500	
1200	1300	1400	
1100	1200	1300	
1000	1100	1200	
900	1000	1100	
800	900	1000	
700	800	900	
600	700	800	
500	600	700	
400	500	600	
300	400	500	
200	300	400	
100	200	300	
0	100	200	
Exchange	Index	Close	Change
Amsterdam AEX	240.25	240.25	0.00
Brussels Stock Index	2,431.79	2,431.79	0.00
Frankfurt DAX	2,129.32	2,145.00	0.74
Frankfurt FAZ	811.25	811.24	-0.01
Helsinki HEX	1,794.30	1,740.54	-53.76
London Financial Times 30	2,447.60	2,411.70	-35.90
London FTSE 100	3,028.90	3,038.20	9.30
Madrid General Index	324.77	324.51	-0.26
Milan MIB	1,221.00	1,226.00	5.00
Paris CAC 40	2,688.38	2,648.51	-39.87
Stockholm Aftersveiden	1,041.21	1,060.96	19.75
Vienna Stock Index	454.81	443.81	-11.00
Zurich SBS	877.81	884.40	6.59

Very briefly:

- **ABN-AMRO Bank**, lead manager of the share offering by Royal PTT Nederland, said that applications for the shares totaled nearly three times the 138 million shares on offer to investors.
- **Fininvest SpA's** chief, Italian Prime Minister Silvio Berlusconi, said he might sell the group to his children. "I confess that I have thought of selling all my companies to my five children and to the friends who shared with me the sacrifices it took to create it," he said in the text of an interview to be broadcast. Two of his children recently joined the board of Fininvest.
- **British Land PLC**, a property company, said that pretax profit almost doubled to £53.9 million (\$81 million) in the financial year ended March 31 as the company benefited from a recovery in property values and an investment venture with George Soros, the financier.
- **The Netherlands' Central Bureau of Statistics** said that Dutch consumers spent 2.8 percent more in the first quarter of 1994 than in the same period a year ago.
- **Eurocom**, the venture launched by France Telecom and Deutsche Bundespost Telekom, said it won a five-year contract worth more than \$300 million from Dun & Bradstreet Corp. to expand its data communications network.
- **Cambridge Security PLC**, the maker of security systems, said pretax profit rose 25 percent, to £77.1 million, in the year ended March 31 and announced a dividend increase to 6.25 pence from 4.75 pence as the general recovery buoyed its business.
- **Daimler-Benz AG**, Germany's largest company, set the subscription price for a rights offering at 640 Deutsche marks (\$384). The subscription period is scheduled to run from June 20 to July 5.
- **Huta Warszawa**, the Polish steel mill in which Italy's Lucchini group holds a 51 percent stake, was the site of a sit-in strike as workers sought a 30 percent pay rise, according to union officials.
- **Ukraine's central bank** said it devalued the official exchange rate of its currency. A dollar will now fetch 16,500 karbovanets, up from a previous rate of 12,610.

AFP, Bloomberg, Knight-Ridder, Reuters

UN Chief Calls for Social Pact

Reuters
GENEVA — Boutros Boutros Ghali, the United Nations secretary-general, urged governments Thursday to develop a social pact to distribute the world's wealth fairly and curb unemployment.

Speaking to the annual conference of the International Labor Organization, he said foundations for such an accord should be laid at a UN-organized World Summit for Social Development in Copenhagen in March.

"Today, we must together lay down a new social pact for the whole world," he told representatives of governments, employers and unions from about 180 countries. The appeal was the latest move in what UN officials said was a drive to redirect the world body's efforts towards tackling the problems that lay at the base of many world conflicts.

Mr. Boutros Ghali said social development was one of the most crucial issues the world faced. But he recognized resistance in some Western countries, particularly Britain, to defined common policies for so-

cial security and welfare. He said it was not for the United Nations "to dictate to members of the international community" the kinds of social benefits to be provided to individuals or to their communities.

"But," he added, "we must also say forcefully that there are in the social field issues that have an unquestionably international dimension." Certain principles of wealth-sharing could only be invoked in an international context, he indicated.

Separately, Prime Minister Paul Keating of Australia, working to expand trade links with Asia, warned rich countries on Thursday not to use low pay rates in some of their trading partners as an excuse for protectionism.

"Disparities wage rates should not lead to a closing of markets," Mr. Keating said in Brussels after a meeting with Jacques Delors, president of the European Commission.

They discussed global economic development, the future World Trade Organization and relations between Australia, the European Union and Asia.

"I said I saw no future in these issues being used for protectionist purposes," he said about his talks with Mr. Delors. Mr. Keating said he was referring to suggestions that countries, such as those in Europe, with relatively high wage rates should be allowed to impose protective tariffs on imports from nations that have relatively low rates of pay. The latter category includes many Asian countries.

"In our country we are concerned about social exclusion. We don't want to see an army of low-paid people," Mr. Keating said, "but we would not want to see concerns on this issue being played out in such a way that it would lead to prohibitions on trade," he said.

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AFP: English Called Key to Growth

Continued from Page 13
for service permitted to compete against the state-run China News Agency, which currently has a monopoly.

Around 15 percent of the approximately 1 million words sent out each day to AFP's 2,000 media clients are in English, either written by English-speaking journalists or translated from French; about 60 percent of the output is in French.

The agency, which employs 1,095 journalists and several thousand free-lancers in 100 bureaus around the world, also offers versions of its service in Spanish, German, Portuguese and Arabic. In all, AFP employs nearly 2,000 people.

Mr. Fleury said English-writing staffs operating from bureaus in Paris, Washington and Hong Kong would be bolstered, while overall journalist staffing levels would remain constant. Over the past four years, the agency has eliminated 60 jobs to reduce costs.

In November, Mr. Fleury set off an outcry among French intellectuals with an editorial in AFP's in-house publication titled, in English, "Adapt or Die." He said the international market, particularly in Europe, was quickly losing interest in the agency's French service and that AFP needed to "redeploy" in English.

A group of writers and artists responded with a petition titled, in French, "Capitulate or Live," in which they took issue with Mr. Fleury's "defeatist" attitude.

"It's a strange reasoning to say that we have tough competitors so we must give in to them," the petition said. "It is as if winegrowers would say: 'The whiskey makers are powerful, so let's pull up our vines and make whiskey.'"

Mr. Fleury dismisses the controversy as "much ado about nothing." He said his strategy did not conflict with pending legislation that would restrict the use of English in public gatherings and largely ban its use in advertising, even offering that "to speak more and more English in France is probably a bad thing." The language bill is scheduled for final legislative action next week.

Anglophone editors say AFP is a valuable asset to their newsmen.

particularly for its speed in reporting breaking news, but suggest that it will have to move much further toward American and British journalistic standards to satisfy their needs.

AFP also is fighting a credibility problem because of its government links. "It's too deferential to the French government," an American newspaper editor said. "I can't entirely trust it."

AFP's managers say the agency — a nonprofit, partly public and partly private cooperative — is not influenced by the government.

Guaranteed independence under a 1957 law, AFP has a 15-member board composed of eight representatives of private French media, three from government, two from state broadcasting organizations and two representing employees.

More troubling to foreign editors — and a factor often cited by AFP's competitors — is the agency's funding. About 45 percent of AFP's 1993 sales of 1.07 billion francs came from French government customers, such as government offices in France and French embassies.

"It's true that the French government is our No. 1 client," said Daniel Bartholoni, international sales manager, "but we renegotiate our contracts on a commercial basis, and we provide the client a real service."

Nevertheless, Mr. Fleury acknowledged that selling AFP would be easier if there were no government connection, and he said his plan called for AFP to steadily reduce its public funding by developing new business abroad.

Even with the government clients, AFP has been operating at a loss, though the picture has improved in recent years. Its deficit narrowed last year to 16.9 million francs from 27.4 million in 1992. For this year, Mr. Fleury hopes to break even, with sales rising to 1.2 billion francs.

Even while agreeing that English was the future, Mr. Bartholoni said one of his strongest sales points was that AFP was not an Anglo-Saxon organization.

"In some countries we are valued because we offer another point of view," he said.

First three months 1994

ING Group achieved good results for the first three months of 1994. Net profit increased by 26.8% to NLG 501 million (first three months 1993: NLG 395 million).

Net profit per share went up by 21.3% to NLG 1.94.

Total assets increased by 3.2% to NLG 350.5 billion in the first three months of 1994.

After the sharp increase by NLG 5.9 billion in 1993, shareholders' equity decreased from NLG 21.5 billion at the end of December 1993 to NLG 20.7 billion at the end of March 1994.

The Executive Board expects that for the whole of 1994 net profit will at least equal 1993 level.

Amounts in Dutch guilders (millions)	First three months 1994	First three months 1993	% Change
Result before taxation	656	530	+ 23.8
Net profit	501	395	+ 26.8
(guilders)			
Net profit per share	1.94	1.60	+ 21.3
	31 March 1994	31 December 1993	
(billions)			
Total assets	350.5	339.4	+ 3.2
Investments	131.6	132.1	- 0.4
Bank lending	147.1	144.9	+ 1.5
Group capital base	21.3	22.6	- 3.5
(guilders)			
Shareholders' equity per share	79.75	82.70	- 3.6

ING GROUP

The report for the first three months of 1994 can be obtained at the following address: Internationale Nederlanden Group, P.O. Box 810, 1000 AV Amsterdam, the Netherlands. Tel: (+31) 20 541 54 60. Fax: (+31) 20 541 54 51.

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SPORTS

A Rockets, Playing Knicks' Game, Still Triumph

Compiled by Our Staff From Dispatches
HOUSTON — The New York Knicks, who usually thrive in that situation, lured the Houston Rockets into a low-scoring game of attrition in the second half of the opening game of the National Basketball Association championship series.

That the Rockets won anyway had them feeling like someone who had

NBA FINAL

just homered off one of those Nolan Ryan fastballs that used to fly around these parts.

"This is the worst we've played in awhile," guard Kenny Smith said after Houston escaped with an 85-78 victory Wednesday night. "We were fortunate to get away with a win. Carl Herrera looked like he was the only one that had been playing all along."

Game 2 of the best-of-seven series is set for Friday night in Houston. While the Rockets complained of rustiness after an eight-day layoff, the one player who looked sharp was Herrera, the reserve center-forward from Venezuela who last played May 17. He averaged 2.8 points in the playoffs, but finished with 10 on 5-for-6 shooting, helping Houston build a first-half lead it never lost.

The Rockets won despite scoring only 31 points in the second half. But with the Knicks getting just 31, it was the lowest scoring half in the history of the first round of the NBA playoffs since 1955. And, Houston's 54 points in the

first half were the most scored against New York in its last 12 games.

Hakeem Olajuwon, on whom the Rockets usually rise or fall, did his part in the first half, scoring 19 points on 9-for-13 shooting. In the second half, he got just nine more points and missed eight of nine shots from the field.

The Rockets as a team made just 26 percent of their shots in that half. But, by making just 24 percent, 12-for-50, the Knicks just did not have the offense to make a successful run, although they closed a 12-point deficit to three in the fourth period.

"We had a chance to win the game if we just make the shots," said their coach, Pat Riley. "But that's a universal disease of ours. We let it slip away at the free-throw line and from the perimeter."

Especially from the perimeter, where John Starks was 3-for-18. Derek Harper 3-for-10 and Hubert Davis 1-for-6. Center Patrick Ewing, despite his 23 points, also was forced outside for most of his shots and missed 16 of 26.

"It was the kind of game we wanted. In the second half, our defense began to wear on them," Riley said. "But we got this far by making shots, and if we had been able to step up and make some shots, we would have been able to win."

"We were playing a great defensive team, and our defense had to carry us tonight," said the Rockets' coach, Rudy Tomjanovich. "We knew it was going to be a dogfight. It was like an old football game played in the mud."

(AP, R.P., NYT)



Hakeem Olajuwon fouling Anthony Mason: When shots went amiss, defense saved the Rockets.

Owners Back Salary Cap, Setting Stage for Strike

By Richard Justice

Washington Post Service

CINCINNATI — In a move that vastly increased the possibility of a strike by major league baseball players this summer, the owners of the teams have unanimously agreed to a collective bargaining proposal that includes revenue-sharing and a hard salary cap.

With a history of caving in to the players during seven previous labor confrontations, the owners also ratified an important change Wednesday in the Major League Agreement. Under that change, any labor agreement must be approved by three-quarters of the 28 owners instead of by a simple majority. So only eight owners are needed to block a deal, and there appears to be at least eight so-called hard-liners willing to shut down the game in midseason rather than compromise significantly.

Richard Ravitch, the owners' chief negotiator, will present the labor plan to Donald Fehr, executive director of the Major League Players Association, at a meeting Tuesday in New York.

The interim commissioner, Bud Selig, said the players "should receive the details of the plan before there's any public discussion." He added, "I don't want the players reading dribbles about the plan."

The players have long maintained that they would not accept any plan that includes a salary cap. They apparently are willing to strike during the season, apparently August has been targeted — when the owners have something to lose. If not, they believe the owners will declare an impasse during the offseason and unilaterally impose the new system.

After Fehr gets the proposal on Tuesday, he will meet with his executive board of players Thursday in Chicago. Then, on July 11, the players will meet again in Pittsburgh, probably to finalize a strike date. Selig, asked if he was not virtually guaranteeing a strike, replied: "I'm always an optimist. I'm pleased with what we've done today. I think next Tuesday you'll understand the significance of what we've done today. Once you know the details of the plan, you'll understand."

Although he declined to discuss details of the agreement, it apparently includes a clause that will give the players a say in the salary cap. A source said the salary cap would be grandfathered in gradually and that it would not affect any players now in the major leagues.

The question for the players then becomes: Will they be willing to strike for an issue that will benefit others.

Indians Stop Kingdome Slide

The Associated Press

Even Ken Griffey Jr. can't come through every time.

Griffey struck out against Derek Lilliquist with two runners on to end the seventh inning, then flied out against Paul Shue, with two runners on in the ninth as the Seattle Mariners lost to the Cleveland Indians, 5-3, Wednesday night.

The Indians had lost once in a row at the Kingdome, and Griffey, batting .334 and leading the majors with 24 home runs, was in position to make it 10. But he hit merely a fly ball in the ninth with runners on first and second, and Shue followed by striking out Jay Buhner for his third save.

"If Buhner hits it out, that's fine," Shue said. "If Griffey hits it out, that's fine, too. I might be back in the minor leagues, but I'm fighting as hard as I can to stay here because I like it here."

Albert Belle and Manny Ra-

mirez hit home runs that helped Cleveland take a 4-2 lead.

Rangers 6, Yankees 5: Texas, playing at home, reached 500 for the first time this season as Dan Smith and Darren Oliver provided late relief.

Smith, called up from the minors, got his first major-league victory, stranding two runners in the sixth and escaping a bases-loaded jam in the seventh.

Oliver took over in the ninth with the score 6-4, the bases loaded and no outs. He got Gerald Williams to ground into a double play with his first pitch and retired Bob Melvin on a foul pop for his first major-league save.

Bernie Williams and Mike Stanley homered for the Yankees, who lost for the seventh time in 10 games.

Ortols 6, Royals 4: Cal Ripken

homered for the second straight game and then singled to start a three-run rally in the seventh. Baltimore won in Kansas City.

Rafael Palmeiro and Raul Baines hit RBI singles and Leo Gomez doubled home a run in the seventh.

Tigers 14, Red Sox 5: Carl Fielder singled twice during a 10-run fifth and hit his 15th homer in Detroit best visiting Boston.

White Sox 3, Blue Jays 2: Davey Johnson and Mike LaValliere hit RBI singles in the bottom of the ninth in Chicago to beat Toronto.

Brewers 6, Athletics 1: Dave Nilsson's RBI double sparked a five-run eighth as Milwaukee won in Oakland.

Rickey Henderson extended his major league record for leading home runs to 64 in the first.

Angels 5, Twins 4: Spike Owen led off with a home run and Bo Jackson hit a two-run homer later in the first as host California beat Minnesota.

checked San Diego on time run and six hits in seven innings.

Astros 9, Expos 2: Jeff Bagwell homered twice, for four RBIs, while pitcher Brian Williams won 2-for-4 and drove in the deciding runs as Houston ended host Montreal's six-game winning streak.

Williams, a 136-hitter, broke a 2-2 tie in the sixth with a two-out, two-run single to left on an 0-2 pitch from Jeff Fassero.

Cardinals 8, Reds 2: Terry McGriff, the backup catcher, drove in three runs as St. Louis easily beat visiting Cincinnati.

Rockies 5, Mets 4: Dante Bichette and Joe Girardi hit RBI singles as Colorado, for the second straight day, beat visiting New York in the eighth.

Phillies 3, Cubs 0: David West allowed only three hits, striking out five, as Philadelphia handed visiting Chicago its ninth straight loss.

Braves 5, Padres 2: Terry Pendleton got three hits and three RBIs in Atlanta while Tom Glavine

pitched his first complete game.

NL ROUNDUP

in 124 major league appearances, shutting down San Francisco on four hits in Pittsburgh.

Andy Van Slyke and Orlando Merced each tripled in a run while Nease also picked Barry Bonds off base twice — once while he was stealing and once while he was sleeping. Bonds called it "stupid."

Braves 5, Padres 2: Terry Pendleton got three hits and three RBIs in Atlanta while Tom Glavine

pitched his first complete game.

BASEBALL

TEXAS — Stated Stephen Larkin, outfielder.

AL ROUNDUP

Yankees 10, Jays 16:50:00.

Indians 10, Jays 16:50:00.

Mariners 10, Jays 16:50:00.

Reds 10, Jays 16:50:00.

Twins 10, Jays 16:50:00.

White Sox 10, Jays 16:50:00.

Yankees 10, Jays 16:50:00.

SCOREBOARD

Major League Standings

AMERICAN LEAGUE	W	L	Pct.	GB
East Division				
New York	34	21	.618	0
Toronto	31	24	.562	3
Baltimore	29	26	.524	5
Seattle	28	27	.509	6
Chicago	27	28	.489	7
West Division				
Los Angeles	31	21	.596	0
Oakland	29	23	.558	2
Minnesota	28	24	.538	3
California	27	25	.519	4
Seattle	26	26	.500	5
San Diego	25	27	.481	6
San Francisco	24	28	.462	7
Central Division				
St. Louis	31	21	.596	0
Chicago	29	23	.558	2
Minnesota	28	24	.538	3
Detroit	27	25	.519	4
Kansas City	26	26	.500	5
Cleveland	25	27	.481	6
Indianapolis	24	28	.462	7

National League

AMERICAN LEAGUE				
Toronto	929	800	808-2	3 0
Chicago	900	801	892-3	9 0
Latter, Cornell 13; Castillo 81; Hall 79 and Borders, Bera, Cook 181; Johnson 181 and Karkkila, Lavalliere 101. W-Johnson, 1-0. L-Hall, 1-2. HR-Toronto, Saragoe 51.				
Boston	128	088	011-5	8 3
Detroit	013	3(10)8	65x-14	15 8

Wednesday's Line Scores

AMERICAN LEAGUE	W	L	Pct.	GB
Toronto	22	28	.438	3
Chicago	20	30	.400	5
Seattle	19	31	.383	6
Los Angeles	18	32	.361	7
San Francisco	17	33	.342	8
San Diego	16	34	.323	9
Minnesota	15	35	.304	10
Philadelphia	14	36	.285	11
St. Louis	13	37	.266	12
Atlanta	12	38	.247	13
San Francisco	11	39	.228	14
Los Angeles	10	40	.209	15
San Diego	9	41	.190	16
San Francisco	8	42	.171	17
San Diego	7	43	.152	18
San Francisco	6	44	.133	19
San Diego	5	45	.114	20
San Francisco	4	46	.095	21
San Diego	3	47	.076	22
San Francisco	2	48	.057	23
San Diego	1	49	.038	24
San Francisco	0	50	.019	25

NATIONAL LEAGUE

Wednesday's Line Scores

AMERICAN LEAGUE	W	L	Pct.	GB
Toronto	22	28	.438	3
Chicago	20	30	.400	5
Seattle	19	31	.383	6
Los Angeles	18	32	.361	7
San Francisco	17	33	.342	8
San Diego	16	34	.323	9
Minnesota	15	35	.304	10
Philadelphia	14	36	.285	11
St. Louis	13	37	.266	12
Atlanta	12	38	.247	13
San Francisco	11	39	.228	14
Los Angeles	10	40	.209	15
San Diego	9	41	.190	16
San Francisco	8	42	.171	17
San Diego	7	43	.152	18
San Francisco	6	44	.133	19
San Diego	5	45	.114	20
San Francisco	4	46	.095	21
San Diego	3	47	.076	22
San Francisco	2	48	.057	23
San Diego	1	49	.038	24
San Francisco	0	50	.019	25

NATIONAL LEAGUE

RINGO
 SELOO

Wednesday's Line Scores

AMERICAN LEAGUE	W	L	Pct.	GB
Toronto	22	28	.438	3
Chicago	20	30	.400	5
Seattle	19	31	.383	6
Los Angeles	18	32	.361	7
San Francisco	17	33	.342	8
San Diego	16	34	.323	9
Minnesota	15	35	.304	10
Philadelphia	14	36	.285	11
St. Louis	13	37	.266	12
Atlanta	12	38	.247	13
San Francisco	11	39	.228	14
Los Angeles	10	40	.209	15
San Diego	9	41	.190	16
San Francisco	8	42	.171	17
San Diego	7	43	.152	18
San Francisco	6	44	.133	19
San Diego	5	45	.114	20
San Francisco	4	46	.095	21
San Diego	3	47	.076	22
San Francisco	2	48	.057	23
San Diego	1	49	.038	24
San Francisco	0	50	.019	25

NATIONAL LEAGUE

Wednesday	JURASSIC SHARK	MOSSY	HARBOR
Answer	Which they didn't win the balloon in were known as — "SOAR" LOSER		

For investment

Wednesday's Line Scores

AMERICAN LEAGUE	W	L	Pct.	GB
Toronto	22	28	.438	3
Chicago	20	30	.400	5
Seattle	19	31	.383	6
Los Angeles	18	32	.361	7
San Francisco	17	33	.342	8
San Diego	16	34	.323	9
Minnesota	15	35	.304	10</

SPORTS

Brazil's Best Hope — and Biggest Problem — Is Named Romario

By Jere Longman
New York Times Service

SANTA CLARA, California — So far this year, the volatile Brazilian star Romario has called Pelé "mentally retarded," had his father kidnapped and refused to sit next to a particular teammate on the team's charter flight to the United States.

So it was no casual proclamation when Romario announced that he was, of all things, "tranquil."

And not a moment too soon. With the recent death of Formula One driver Ayrton Senna, Brazil is in dire need of a sporting hero. It is in even greater need of a World Cup title, having gone without one for 24 years.

If Romario can keep his ego under house arrest for the next six weeks, Brazil might get both.

"Strikers are egotists, selfish," Romario said. "We have to be."

So, self-effacing he isn't. Maybe it's too much to ask of a guy who, in 1988, married his 17-year-old girlfriend on a soccer field before a live

television audience. Still, the 28-year-old Romario is making an honest effort to be accommodating at Brazil's training camp, playing samba drums with his teammates on the team bus, stopping to sign autographs, even cooperating with the news media.

"I'm going to give my life to win this World Cup," he said.

Actually, Romario may give up plenty if he doesn't win the World Cup, given Brazil's national desperation to repeat the victories of 1958, 1962 and 1970, and his own hotheaded sense of what is provocation.

Earlier this year, he took it upon himself to suggest that the national team's coach, Carlos Alberto Parreira, ought to include his friend Edmundo on the roster instead of another forward, Muller. None other than Pelé, the Brazilian legend, suggested that Romario ought to leave coaching to the coaches. Ever willing to

obey his elders, Romario retorted that Pelé was "mentally retarded."

"People think Romario is a problem, that everyone can talk about me but I can't say anything back," an unrepentant Romario explained. "I have my way of doing things. If someone criticizes me, I strike back."

Even if that someone is the greatest soccer player who ever lived.

"In my opinion, I hadn't said anything significant; he shouldn't have criticized me," Romario said. "The Brazilian team today is not a Pelé team. It doesn't depend on Pelé."

No, it depends on the artistry of strikers such as Romario and Bebeto and the 17-year-old Ronaldo, who wears braces and the burden of being "the next Pelé."

Parreira has scrapped the European-style defense employed in the disastrous 1990 World Cup, where Brazil and its sweeper were swept out by Argentina in the second round. The new formation is an attacking 4-2-2-2 with Romario and Bebeto up front, if not up close and personal.

On the flight to the United States, Romario

demanding a window seat and refused to sit next to Bebeto, his fierce rival in the Spanish League, where they play professionally.

Romario pumped in 30 goals this season as his Barcelona club won its fourth straight league title. His job is to score, and he does it in flurries using a stocky body and raptor elbows with which to fend off larger defenders, and the speed and feints and wondrous dribbling to go around those he can't go through.

"I have scored against every team, every country, every defender in the world," he said, assessing his talent.

Said Parreira, "He doesn't move much left or right, but inside the penalty area he is the king."

A king now, but for the longest time Romario was merely a petulant prince. He played little during the 1990 World Cup, when an injured ankle swelled to the size of his ego.

Parreira then took over and largely ignored his difficult star. Romario was not invited to play with the national team from December 1992 until September 1993. When he was finally called up, he provided both goals in the 2-0

victory over Uruguay that secured Brazil's spot in this World Cup.

"We had some disciplinary problems, but those problems have been overcome," Parreira said of Romario. "He's here doing well. It's finished. He's perfect."

Only last month, however, Parreira was wondering whether the kidnapping of his star striker's father would "perturb Romario's head."

Though Romario was said to be devastated, he remained in Spain to play in a crucial league match. In an appeal to the kidnappers published in Brazilian newspapers, he said: "The suffering has been great for me and my family. I'm a simple person, born in a favela — a shantytown — and never let myself get carried away by success."

The next day, acting on a tip, police raided a Rio housing complex and found Edmar Souza de Faria sitting on a mattress watching television. The day before, he said, his abductors had provided the television so that he could watch his son play in Barcelona's 1-0 victory over Real Madrid in the Spanish League.

"Thank God, this has been overcome," Romario said now. "If it had not been overcome, I probably would not be here. Those were the six most difficult days of my life."

Compared with a kidnapping, the pressure of facing 200 reporters and photographers at practice each day and carrying a nation's hopes on his shoulders during the World Cup seems light and bearable.

"With Senna's death, Brazil has been left with a void," Romario said. "If I can lead Brazil to a fourth World Cup title, I will definitely be a possible replacement."

So far, he has been on his best behavior. Not that he doesn't have his impulsive moments.

Before Brazil left for the United States, said Ney Almeida, a journalist who has covered Brazilian soccer for more than 30 years, Romario was playing beach volleyball when he needed a new apartment building going up.

Romario inquired about the price of a condominium, Almeida said, and decided to buy one. On second thought, he bought 10.

Confusion, Thy Name Is Soccer

Compiled by Our Staff From Dispatches

The United States won't let Nigeria land its airplane, Bulgaria won't let reporters talk to its players, and New Jersey police still don't believe Greece's claim that its players were robbed, and the Irish are awash in Florida.

Soccer has definitely arrived in the United States.

While four World Cup warmups were played Wednesday, soccer's top event put on a good show of confusion and dispute. The off-the-field events overshadowed Brazil's 8-2 rout of Honduras, Germany's 2-0 victory over Canada, Belgium's 3-1 triumph over Hungary, Bolivia's scoreless tie with Peru and Romania's 5-1 victory against the Los Angeles Salsa of the American Professional Soccer League.

In Lagos, the U.S. Embassy said Nigeria's World Cup team cannot arrive in the United States aboard a Nigeria Airways flight but must use another airline. The Super Eagles had planned to fly in Monday.

But, following the military's annulment of last year's presidential elections, the United States and the European Union introduced limited sanctions on Nigeria. Nigeria Airways was barred from flying to New York, and U.S. airlines from flying to Lagos.

In Austin, Texas, Bulgarian officials ejected reporters from the team's first practice in the United States.

When reporters arrived at the Burger Center, the team administrator, Alexander Dinev, demanded they leave. When local news crews who had been issued credentials to cover the Bulgarians' training camp did not comply immediately, Dinev started shouting and pushing. KVUE-TV photographer Kenny Kaplan.

The team's security officer, Svetla Gosteva, attributed the confrontation to a wearying trip to the United States. He said Bulgaria's coach, Dimitar Panev, was not told that reporters would attend practice and ordered cameras removed.

Russia's team, hit by a player mutiny, arrived in San Francisco with its manager, Pavel Sadzyin, promising only that the team would "play with dignity."

Organizers announced that the Russian federation had decided that the team's training sessions would be open to the public but — another blow to the media — that taking pictures during the sessions would not be allowed.

FIFA, soccer's governing body, says it is up to players whether to speak with reporters, although it has asked teams to make players available to the press.

On the crime front, police and stadium authorities reiterated that they don't believe the Greek team's claim that it was robbed of \$17,800 in cash and jewelry during Sunday's game against Colombia at Giants Stadium.

Allegations that hotel keys, money and jewelry were stolen are "un-



Cafu, who scored one of Brazil's eight goals in San Diego, was kicked in the face by César Obando of Honduras as he tried to head the ball.



Fritz and Trude Hachenberg, from near Frankfurt, had a ball at Germany's tunic in Toronto.

founded and unsupported," said Major Carl Williams of the New Jersey State Police.

Ireland's squad called off a morning training session in Orlando to avoid the risk of being struck by lightning as an eighth successive day of thunderstorms left central Florida flooded.

At the Citrus Bowl, in which the match between Belgium and Morocco will be played June 19, the rain had caused a large hole to open on the field.

"We came here for the sun and

we haven't seen any yet," said Ireland's coach, Jack Charlton.

As for the warmup matches: Brazil 8, Honduras 2; Romario scored three goals in San Diego and Bebeto had two for Brazil, which opens against Russia on June 20 in Sanford.

"I feel our team is ready to play Russia," said Brazil's coach, Carlos Alberto Parreira. "Relative to the strength of Honduras, we were not worried about our opponent. I was only worried about Brazil."

Germany 2, Canada 0; Matthias

Sammer and Rudi Völler scored in Toronto as the defending champions played their last exhibition match before the World Cup opener against Bolivia in Chicago.

German forward Mario Basler twisted a knee on a tackle and was carried off the field on a stretcher. The extent of his injury was not immediately known.

Belgium 3, Hungary 1: In Brussels, Joep Weber got an assist and scored another goal for Belgium after getting five last Saturday against Zambia. (AP, Reuters)

For U.S., Who's on Defense

By Steve Berkowitz
Washington Post Service

PASADENA, California — The day Cle Kooiman walked into the U.S. national soccer team's training center for a tryout late last May, there was a question in the minds of virtually all present: Who is Cle Kooiman?

"Yeah," recalled Kooiman, whose name is pronounced as if it were Clay Koyman. "Nobody had a clue."

That included the national team's press officer, Dean Linke, who had to interview Kooiman before he could write a news release announcing his arrival. An amazing story unfolded over lunch at the team's hotel that day, and Kooiman has been adding to it ever since.

Stroking his sinister-looking mustache and goatee, he said of his on-field style: "When a player comes on the field and sees me, he's going to say, 'Oh God, I hope this guy's not in my area.' On the first tackle I come in on, he's going to know that he's in my area. After that, he's going to think twice about dribbling by me or he's going to think twice about even touching the ball. That's what I'm trying to get in to his head."

Although his U.S. national team debut came late in his career — he is in his 11th year as a pro, and will turn 31 on July 4 — he has become one of the most indispensable members of an often-shaky defense.

For four of the previous five years, he has played in the Mexican first division. That is where Bora Milutinovic, who had coached in the first division and coached Mexico's national team before taking over the U.S. squad, found Kooiman last year.

Until then, however, Kooiman's involvement with any U.S. national team had consisted of

two matches with the U.S. "B" team at a small tournament in Mexico in 1989.

A standout high school soccer player and football kicker in Ontario, California, Kooiman was the first-round draft choice of the North American Soccer League's Los Angeles Aztecs following his senior year in 1981.

Two weeks after the draft, the Aztecs folded. So he played at San Diego State for two years before signing with the Los Angeles Aztecs of the Major Indoor Soccer League. For the next five years he played indoors professionally, and played outdoors between seasons. Then, with the U.S. "B" team in Mexico, he impressed the coaches of another team in the tournament: the Juarez Cobras.

He signed with the Cobras, then a first division team, and played well enough to send videotapes to Bob Gansler, the coach then preparing the U.S. team for the 1990 World Cup. There was no reply.

Said Kooiman, whom the snub angered, "I figured I should've at least gotten the chance to play a couple of games."

His self-confidence led him to sit out the 1991-92 season when the Cobras wouldn't meet his salary demands. He moved back to California, played for some semi-pro teams and coached a youth team.

Then a Mexican agent placed him with Cruz Azul, the Mexico City team that is one of the league's traditional powers.

He became the club's captain late in the 1992-93 season, a remarkable achievement for a U.S. player. He also was an immediate success for the U.S. national team, playing in 10 matches last year before returning to Cruz Azul for the '93-94 season. Now, he is preparing for his first World Cup.

"I figure that something like this should have happened a long time ago," he said.

The IHT World Cup Competition

Win fabulous prizes.

Winners will be chosen from an official drawing. The first 16 entries drawn, with at least 6 correct responses, will win one of the prizes listed below, determined from the order in which they are drawn.

Grand Prize: Two United Airlines business class round-trip Europe/New York tickets plus five nights accommodation at the Stanhope Hotel in New York.

Five second prizes: Sprint Collectors frame prepaid phone cards in celebration of the World Cup.

Five third prizes: AT Cross, 22k gold, diamond cut, Roller ball pens, from the Signature Collection.

Five fourth prizes: Gold Pfeil men's wallets.

HERE'S HOW TO ENTER

For each of the 12 days leading up to the World Cup, the IHT will publish a question in which the response predicts various outcomes of facets of the World Cup. There are 12 questions in all.

After answering the question each day in the coupon provided below, hold your responses and send them all at once to the IHT. A minimum of 6 responses must be postmarked on or before June 17, 1994 — the World Cup kickoff day.

Only clippings from the newspaper will be accepted. Photocopies and faxes do not qualify.

RULES AND CONDITIONS

1. Individual coupons will not be accepted. Minimum of 6 coupons to qualify.
2. Cut-off date is postmarks of the first day of the World Cup — June 17, 1994.
3. Valid only where legal.
4. Entries will not be accepted from staff and families of the IHT newspaper, its agents and subsidiaries.
5. Only original coupons will be considered valid. Photocopies and faxes are not acceptable.
6. No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt.
7. No cash alternative to prizes.
8. In some countries, the law forbids participation in this competition for prize awards. However, in these countries, you can still play for fun. The competition is void where illegal.
9. Winners will be drawn on day after the end of the World Cup and published in the IHT on Thursday 21 July.
10. On all matters, the editor's decision is final.
11. The Editor reserves the right in his absolute discretion to disqualify any entry, competitor or nominee, or to waive any rules in the event of circumstances outside our control arising which, in his opinion, makes it desirable to cancel the competition at any stage.
12. The winners will be the first correct answers containing six or more coupons picked at random from all entries.

1994 World Cup Groupings	
GROUP A	USA SWITZERLAND COLOMBIA ROMANIA
GROUP B	BRAZIL RUSSIA CAMEROON SWEDEN
GROUP C	GERMANY BOLIVIA SPAIN KOREA REPUBLIC
GROUP D	ARGENTINA GREECE NIGERIA BULGARIA
GROUP E	ITALY IRELAND REPUBLIC NORWAY MEXICO
GROUP F	BELGIUM MOROCCO NETHERLANDS SAUDI ARABIA

TODAY'S QUESTION

Which team will concede the most number of goals?

Your response: _____

Name: _____

Job Title: _____

Company: _____

Address: _____

Postal Code: _____ City: _____

Country: _____

Telephone: _____
Send responses to: IHT World Cup Competition, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.

Herald Tribune

SIDELINES

Heineken Ends the Whitbread Race

SOUTHAMPTON, England (AP) — Heineken, with the only all-woman crew in the competition, put an end to this year's Whitbread Round the World yacht race when it reached the finish line Wednesday night. It had broken two rudders in the last week.

Montevideo, two crewmen of the French yacht La Poste were freed on bail after 10 weeks in jail and are to return to France next weekend.

Patrick Delofo and Florent Rupert were arrested March 20 with crewman Pascal Lassus and Yves Kerneleguen for allegedly beating a burglar who entered their rooms in Punta del Este during a Whitbread stopover. Lassus and Kerneleguen were freed on bail May 17.

Davis Leads by 2 in Honda Open

HAMBURG, Germany, June 9 (Reuters) — Rodger Davis of Australia shot 6-under-par 66 Thursday in the first round of the Honda Open for a two-shot lead over Paul Lawrie of Scotland, German left-hander Ulrich Zieg and Silvio Grappasonni of Italy.

Bail Ian Woosnam, who has had back trouble for several weeks, carded 73 and was pessimistic about playing in next week's U.S. Open.

Ghirotto Wins Stage in Italy

BRA, Italy (AP) — Massimo Ghirotto of Italy held off Rolf Sorensen of Denmark in the final sprint Thursday to win the 19th stage of the Tour of Italy cycling race.

Eugene Berzin of Russia retained the leader's pink jersey but said he was concerned about Friday's up-hill leg, "especially if the weather is as bad as it was today."

For the Record

Karl Wendlinger, the Formula One driver who crashed in Monte Carlo, should make a complete recovery from his severe brain injuries, his doctor said in Innsbruck, Austria. (AP)

Ticket Buyers Go to Court

Compiled by Our Staff From Dispatches

Disgruntled World Cup ticket-holders in Chicago have filed a class-action lawsuit in an effort to resolve what they say are massive ticket problems, while soccer fans throughout the United States have been reporting snafus that range from their getting incorrect seats to being issued seats in the wrong city.

The lawsuit charges consumer fraud, deceptive practices and breach of contract. The named complainant is Anton Naunheimer of Chicago, but his attorney, Stephen Diamond, said the case represents about 5,000 ticket-holders in Chicago.

The World Cup '94 chairman, Alan Rothenberg, has said that those with ticket problems should call a World Cup public information hot line. That number is 310-277-9494.

Diamond said Naunheimer paid for Category I tickets, advertised as being between the end lines. His seats at Soldier Field are behind the goal, Diamond said. The suit charges that World Cup organizers reconfigured the seating plan in the stadiums to allow for more high-priced Category I seats. Consequently, the best seats began to curve around the corners of the stadiums and into the end zones. "It's not a tough case," Diamond said. "Either they lied to us or they didn't."

Some who paid for Category I seats at Giants Stadium outside New York have said they received mezzanine seats behind the goals. The entire mezzanine at Giants Stadium has been sold as Category I, the World Cup USA 1994 spokesman, John Griffin, confirmed.

In Los Angeles, those with ticket problems for Rose Bowl games were still clogging World Cup office telephones. Paul Levine of Mar Vista said he took out an ad to find other disgruntled fans.

Levine said he requested Category I tickets as part of the "soccer family" sale and received Category II tickets. But even those seats were in the end zone with the worst seats, Category III.

"I have a friend flying from Switzerland just for this," Levine said. "He took off work. His trust in me is going to be really bad from oow on. I'm really upset about it."

(LAT, AP)

